

Department of Local Affairs

Rick Garcia, Executive Director



Division of Housing (DOH)
Alison George, Director
Office of Homelessness Initiatives
Kristin Toombs, Office Director

Division of Local Government (DLG)
Chantal Unfug, Director



COLORADO

Department of Local Affairs

DOLA's Division of Housing

HOMELESSNESS SOLUTIONS ☉ THRU ☉ FIRST-TIME HOMEBUYER PROGRAMS



4,353 units of affordable housing developed or preserved



Over 73,000 households served between all housing programs



29,000 households served through housing relief programs

The Division of Housing (DOH) was created by statute in 1970. DOH partners with local communities to create housing opportunities for Coloradans who face the greatest challenges to accessing affordable, safe and secure homes.

Our vision ☉ affordable, safe and secure homes for all Coloradans



Our work includes:

- Increasing and preserving Colorado's inventory of affordable housing
 - Managing rental assistance vouchers
- Creating and supporting collaborative approaches to end homelessness
- Regulating Mobile Home Parks, and the construction and installation of factory-built structures
 - Creating accessibility through review/approval of home modifications
- Emergency Recovery from natural disasters and the current COVID19 pandemic



COLORADO
Department of Local Affairs

DOH Offices

Office of Homelessness Initiatives (OHI)



Households Housed from Homelessness

1,079 households formerly experiencing homelessness moved into housing

Fort Lyon

345 persons were provided housing and supportive services at Fort Lyon
61% of people that exited Fort Lyon secured permanent/transitional housing

New Office of Housing Recovery (HRO)



Pandemic Relief

29,000 households served through housing relief programs

Housing Assistance Approved/Paid

Approx. \$130M to date
ERAP, EHAP, POP, LBW, Housing Counseling and Youth Homeless

Office of Housing Finance and Housing Sustainability (OHFS)



Housing Opportunities

4,353 units of affordable housing developed or preserved

Technical Assistance

Field staff in Alamosa, Pueblo, Eagle, Loveland, COSP

Office of Rental Assistance (ORA)



Leased and Issued Vouchers

8,849 households had access to affordable housing because of a state or federal voucher

Reaching the Hardest to Serve

83% of housing vouchers served persons with disabilities

Office of Regulatory Oversight (ORO)



Advancing Safety

268 construction and safety inspections conducted

MHP Oversight

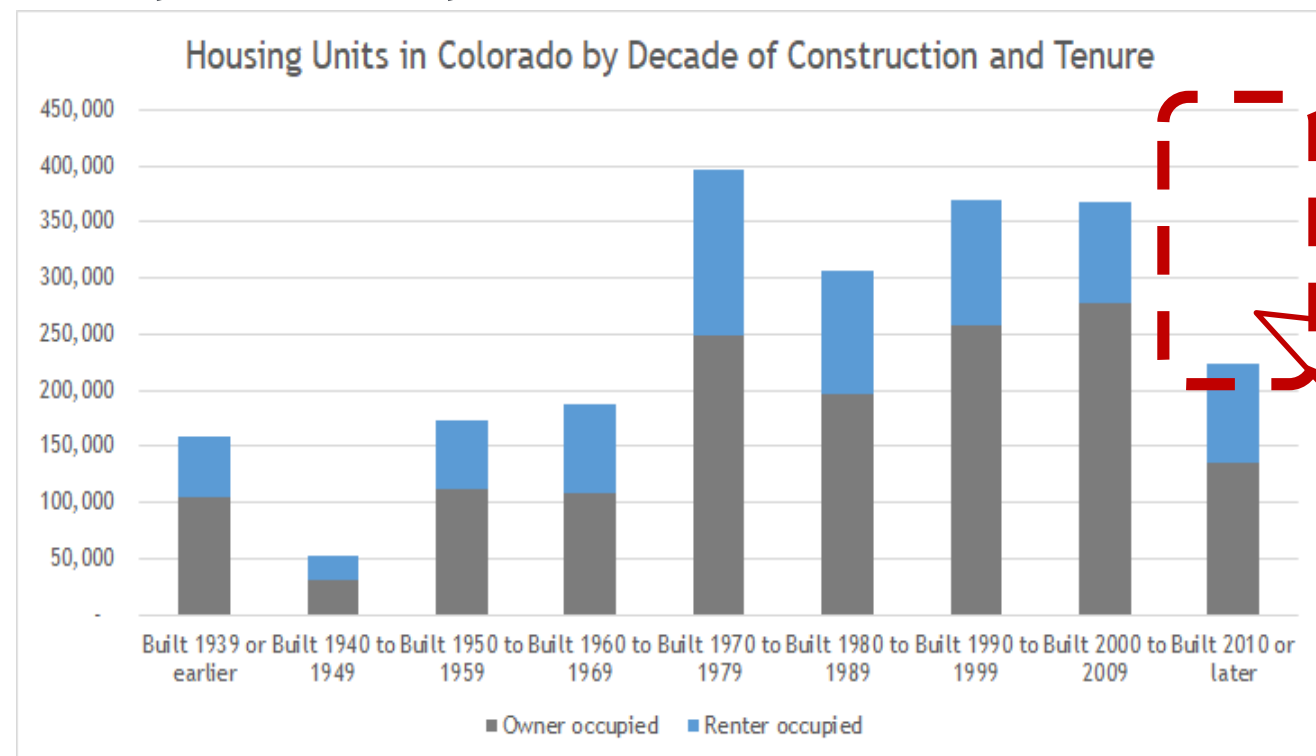
720 MHP owner TA/registrations
157 tenant/landlord complaints



Headwinds:

Approx. 315K HH pay >50% of their income toward housing

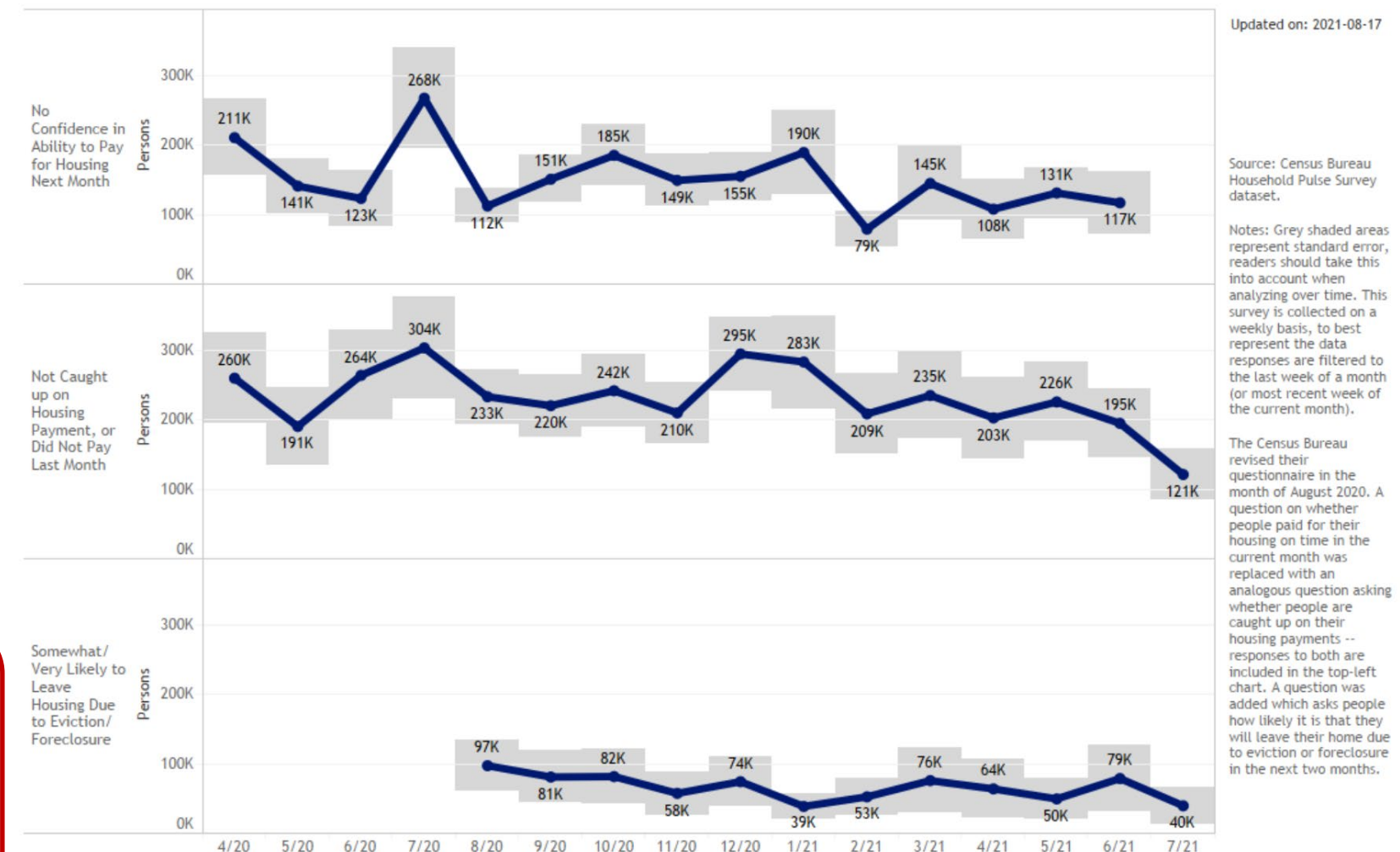
Deficit of Construction



40% drop
in housing
production

Pandemic Induced Financial Instability

Department of Local Affairs - Coronavirus Housing Recovery Dashboard CO



\$579k median list price of home in Colorado, July 2021

HH at median income can afford \$295k valued home
Median renter HH can afford \$200k valued home



COLORADO
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Legislative Session 2021

HB21-1271

- New Funding
 - DOLA Innovative Affordable Housing Strategies (\$48M).
- Program Description
 - Incentivize local governments to adopt land use policies which promote the creation of affordable housing.
 - Provide grants to local governments to create and make use of new land use policies which promote the creation of affordable housing.
 - Provide funding for local communities to go through a DOLA housing development toolkit to help them conceive of, plan for, construct and operate new housing.

SB21-242



- New Funding
 - Housing Development Grants Hotels Tenancy Support Program (\$30M).
- Program Description
 - This program provides funds to DOLA to support the purchase of underutilized hotels/motels for affordable housing or to lease rooms in these properties for those in need of affordable housing, including individuals experiencing homelessness.
 - *NOFA to be released August 2021.*

ARPA Recovery, What we Know:

Affordable Housing and Home Ownership
\$500M for housing

- HB21-1329 appropriates \$98.5M to DOH immediately.
- \$1.5M Eviction Legal Defense Fund
- Interim task force to determine \$400M

\$305M additional Emergency Rental Assistance to continue ERAP

\$175M Homeowner Assistance Fund

1,023 Emergency Housing Vouchers

\$66M HOME ARP funds



MAKING HOMELESSNESS HISTORY IN COLORADO

THE VISION

Our vision is that everyone in Colorado has a safe, stable, and affordable place to live. We can create a future where homelessness is rare and brief when it occurs, and no one gets left behind.

Leading Causes

Lack of Affordable Housing
Health Challenges
Systemic Inequities

The Need

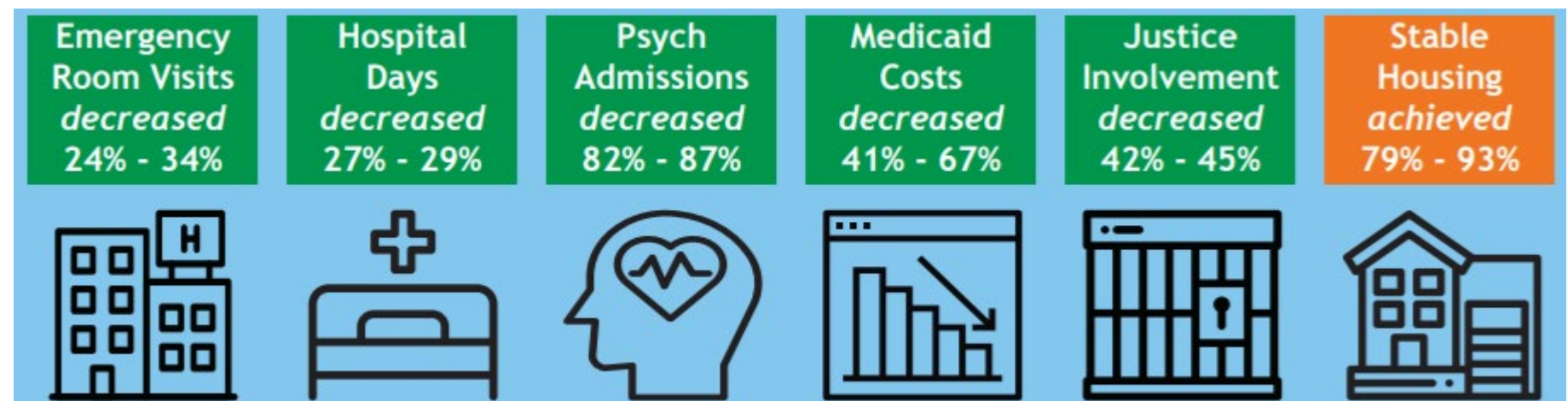
~10,000 PIT
23,000+ Students
53,000+ Medicaid

Outcomes

85% Stay Housed
Reduced Costs

Proven Solutions

Prevention/Diversion
Coordinated Efforts
Housing-Focused Outreach
Low-Barrier Shelter
Housing + Services



Opportunities

Using these one-time monies on opportunities TO transform COLORADO'S HOUSING ECOSYSTEM BY leveraging more dollars AND STATE AND LOCAL ASSETS to enhance the State's investment and have a multiplying effect

- **Increase affordable and workforce housing supply in our State and increase homeownership opportunities for first time homebuyers**
- **Removing barriers to development and increase access to land for redevelopment**
- **Increasing stability for persons experiencing homelessness:** ensuring collaboration between the Housing Interim Task Force and the Behavioral and Mental Health Task force on issues related to homelessness and response.





Our vision ☉ affordable, safe and secure
homes for all Coloradans



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COLORADO

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Division of Housing

From homelessness solutions to down payment assistance, we help your organization better serve your community

What We Do: The Colorado Department of Local Affairs' (DOLA) Division of Housing (DOH) provides financial and technical support to organizations throughout the state that are committed to serving Colorado's most vulnerable citizens. We offer funding opportunities for the rehabilitation and new construction of housing to public housing authorities, local governments, and private developers. We support, license and regulate the factory-built construction industry, including the provision of building department services where none exist, and the adoption and enforcement of building codes for factory-built structures. In concert with local housing authorities and non-profit service organizations, we provide rental subsidies and down payment assistance to bridge the gap between household income and the cost of living. We create a safety net for those most at-risk, with rental and foreclosure counseling, and funding for senior and special needs housing. Our mission is to create housing opportunities for Coloradans who face the greatest challenges to accessing affordable, safe, and secure homes.



Rental Assistance and Homeless Programs

DOLA's Division of Housing Rental Assistance programs provide nearly 8,000 federal and state housing vouchers managed in partnership with local agencies around the state. Over 83% of DOH vouchers serve people with disabilities.

DOH's Office of Homeless Initiatives works with local, state, and federal stakeholders to build, promote, and support collaborative approaches to make homelessness rare, brief, and a one-time occurrence.

Continuum of Homelessness Interventions



Special Populations Served: Veterans, youth and youth aged out of foster care, students and families, domestic violence survivors, people with disabling conditions (including behavioral health conditions), people with histories of justice involvement or long histories of homelessness.



Governor Jared S. Polis | Rick M. Garcia, Executive Director | Alison George, Division Director
1313 Sherman St., Room 320, Denver, CO 80203 P 303.864.7810 F 303.864.7856 TDD/TTY 303.864.7758 www.dola.colorado.gov

Strengthening Colorado Communities



Grant and Loan Programs

DOLA's Division of Housing offers grants and loans from both State and Federal programs to provide gap funding for the acquisition, rehabilitation, and new construction of affordable rental and homeownership housing.

Projects and Programs Funded: Homeless shelters; manufactured housing community preservation; rental housing serving a wide range of Coloradans including people transitioning from homelessness, people with disabling conditions, families, seniors, Veterans, survivors of domestic violence, workforce; owner occupied housing rehabilitation; down payment assistance; and new construction of for-sale housing, including community land trusts.

Factory Built Structures and Energy Codes

The Building Codes & Standards (BCS) Section protects Colorado citizens by regulating diverse and unique aspects of the state's residential and nonresidential construction industry in partnership with local governments, the federal government, other state agencies, and the private sector. This section registers/certifies manufacturers, sellers, installers, and independent installation inspectors. Prior to certifying a factory-built structure, the BCS reviews and approves design and building plans before construction begins, and then the building must pass BCS inspections during and at the conclusion of its construction. The BCS Section also manages the Mobile Home Park Act Dispute Resolution and Enforcement Program to support better communication and promote mutual understanding between mobile home landlords, management, and homeowners.

Home and Accessibility Modifications

The Community Access Team (CAT) helps people with disabilities live independently in the community. Its Home Modifications Program makes homes accessible by installing ramps and grab bars, widening doorways, modifying bathrooms and kitchens, and making other changes needed to help people live independently and avoid institutionalization. The CAT does this in partnership with the Department of Health Care, Policy and Financing's Health First Colorado (Medicaid) Home Modification benefit for people on Home and Community Based Services waivers. The CAT also manages the Home Modification Tax Credit program, which provides a state income tax credit for accessibility improvements completed by families earning up to \$150,000.

Fort Lyon Supportive Residential Community

The Fort Lyon Supportive Residential Community provides recovery-oriented transitional housing to individuals faced with homelessness and addiction. The program combines housing with counseling, educational, vocational, and employment services for up to 250 homeless and formerly homeless persons from across Colorado, with an emphasis on serving homeless veterans.

The program is located at the former Fort Lyon Veterans Affairs Hospital in Bent County and is part of the state and community efforts to repurpose the facility to meet the needs of homeless individuals across the state and to catalyze the reuse of the facility to meet a variety of community needs.





Root Policy Research

6740 E Colfax Ave, Denver, CO 80220

www.rootpolicy.com

970.880.1415

State of Colorado

Findings of the Special Eviction Prevention Task Force

PREPARED FOR:

Office of Governor Jared Polis
Division of Housing

CREATED

10/09/2020

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Special Eviction Prevention Task Force Policy Recommendations



Background

On March 5, 2020, the Colorado Department of Public Health and Environment's (CDPHE) public health laboratory confirmed the first presumptive positive COVID-19 test result in Colorado. Governor Polis declared the pandemic a disaster emergency on March 10.

Beginning on March 11, Governor Polis issued a number of Executive Orders (EOs) to mitigate the effects of the pandemic. Many of those EOs contained policies to address housing instability—recognizing that keeping people housed will limit the spread of COVID-19 and is a necessary component of the state's Safer at Home policy. The key elements of those EOs are summarized in the figure below:

Eviction Prevention Executive Orders, 2020

Source:
Root Policy Research and
<https://www.colorado.gov/governor/2020-executive-orders>.

 Executive order enacted
 Amended on May 29 to require tenants provide evidence of "financial hardship due to COVID-19"

	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
Directed state agencies to work with landlords to avoid evictions and late fees								
Directed state agencies to work with lenders to avoid residential and commercial foreclosures								
Suspended utility disconnections and waived reconnection fees								
Created short term rental and mortgage assistance; amended for LMI households								
Extended period of cure to 30 days								
Suspended residential eviction activity unless related to public health and safety								
Suspended late fees or penalties for breach of rental agreement								
Required landlord notification of CARES Act protections against evictions and foreclosures								
Directed state agencies to create model repayment agreements								
Directed property owners to provide tenants notice of CDC moratorium before initiating eviction filing								

Special Eviction Prevention Task Force. Executive Order B2020 006, issued on August 26, 2020, established a temporary Special Eviction Prevention Task Force (Task Force) with the Department of Local Affairs (DOLA) to examine housing instability challenges due to COVID-19 and report these recommendations to the Governor within 30 days of the first meeting.

The Task Force was also invited to consider medium- and longer-term recommendations to ensure that Coloradans remain stably housed. Those broader considerations will be passed on to the Division of Housing's (DOH) newly formed Strategic Housing Working Group (SHWG). Beginning in November 2020, that group will advise DOH on Colorado's affordable housing needs and will bring forth a comprehensive response to the state's long-term housing crisis. Three of the Task Force members are also on the SHWG.

The Special Eviction Prevention Task Force members have diverse backgrounds spanning housing, development, advocacy, banking, and local government. Members include:

Special Eviction Prevention Task Force Members

Source:
Colorado Division of Housing.

Special Eviction Prevention Task Force Members	
Chris Romer , CEO and Co-Founder, Project Canary, Denver	Jennifer Kermode , Housing Authority Executive Director, Gunnison County
Skippy Mesirow , City Councilor, Aspen	Jennie Rodgers , Vice President, Enterprise Community Partners, Colorado
Andrew Feinstein , Developer and Property Owner, Denver*	Beatriz Gonzalez , Vice President of Community Lending and Diverse Markets, Bank of the West
Rachel Friend , City Councilor, City of Boulder	Andy Newell , Monarch Investment and Management Group, Greenwood Village
Ty Coleman , Mayor, Alamosa and Director of Corporate Relations & Lending Solutions, CRHDC	Leanne Wheeler , Investment Advisor, Property Owner, and Permanent Supportive Housing Project Manager, Aurora
*Replaced by Darren Everett , President, BLDG Management after arrival of new family member	

CDC moratorium. Shortly before the Task Force's first meeting, the Centers for Disease Control (CDC) issued a moratorium on evictions for renters who could demonstrate, using a CDC-issued declaration form, that they would become homeless if evicted, among other criteria (e.g., gross income of less than \$99,000). That temporary halt on evictions expires on December 31, 2020.

One of the first actions of the Task Force was to recommend that the Governor require landlords to provide notice of the CDC moratorium and declaration form with any demand for rent and before initiating an eviction, in addition to a list of tenant resources. This resulted in EO D2020 202, which states:

- "No individual shall file or initiate actions for forcible entry and detainer (i.e. eviction), including any demand for rent, under C.R.S. § 13-40-101, et seq., unless the individual has notified the tenant in writing of the federal protections against eviction provided by the Centers for Disease Control and Prevention's (CDC) Temporary Halt in Residential Evictions To Prevent the Further Spread of COVID-19. 85 FR 55292 (September 4, 2020). The individual must provide as notice a copy of the CDC's order,

<https://www.govinfo.gov/content/pkg/FR-2020-09-04/pdf/2020-19654.pdf>, including the declaration, <https://www.cdc.gov/coronavirus/2019-ncov/downloads/declaration-form.pdf>”

EO D2020 202 also extended the 30 day period to cure and continued the direction for DOLA to work with landlords to implement their model rent repayment agreement.

As such, as of October 9, when this report was prepared, landlords in the state were operating under the following conditions:

- Under the CDC moratorium, landlords cannot physically evict tenants for non-payment of rent who meet the CDC criteria and provide the CDC declaration form;
- Landlords must notify tenants of the CDC moratorium and provide a copy of the declaration form before initiating an eviction filing;
- Landlords can continue to file evictions that fall outside the CDC moratorium’s parameters and eligibility and must provide tenants 30 days to cure delinquencies before filing; and
- Landlords can continue to collect and accrue rent, late fees, and interest.
- Landlords, as well as tenants, can also apply for and seek relief through DOH’s Property Owner Preservation (POP) program and Emergency Housing Assistance Program (EHAP).

Current State of Need

There are many reasons that evictions occur: inability of a tenant to maintain their rental costs due to an economic change and/or rising rents; tenant behavior that breaches the rental contract. Landlords choosing to increase rent and/or remove the unit from the rental market to sell or occupy it are other ways tenants can be removed from their homes that may or may not result in a formal eviction.

Most landlords consider evictions a “last resort” because they are time consuming and costly. Most landlords will work with tenants on payment plans for missed rent and/or to correct problem behavior—often voluntarily.

Some tenants face circumstances that make them particularly vulnerable to housing instability. These include receipt of government financial support (such as vouchers), working lower-wage jobs, lacking health insurance or other costly benefits, limited or poor rental histories, undocumented status, past criminal backgrounds, and/or discrimination because of race or ethnicity, family status, disability, or other characteristic.

Due to the ever-changing nature of the COVID-19 pandemic—and the varied and new programs and policies created in response—the precise level of need remains unclear. Data indicate that many tenants have been able to keep up with rent, even those under

financial hardship. Anecdotally and according to the Census “Pulse” survey, many tenants with needs have relied on federal and state income supplements, dipped into savings, used credit cards or other loans, and received help from family and friends. Others have moved in with family and friends or left units before facing eviction. Some tenants with Housing Choice Vouchers have drawn more subsidy from their voucher, straining public housing authority budgets. Landlords have crafted their own responses to assist tenants and avoid mass displacement, while trying to manage their financial obligations—to their workers, investors, and lenders. There is considerable uncertainty about how long these stop-gap measures can continue.

This section summarizes the most current, expert-provided, and expert-vetted data on pandemic-related housing instability in Colorado. This information was provided to the Task Force by guest presenters to assist with policy formation.

Impact on the rental industry.

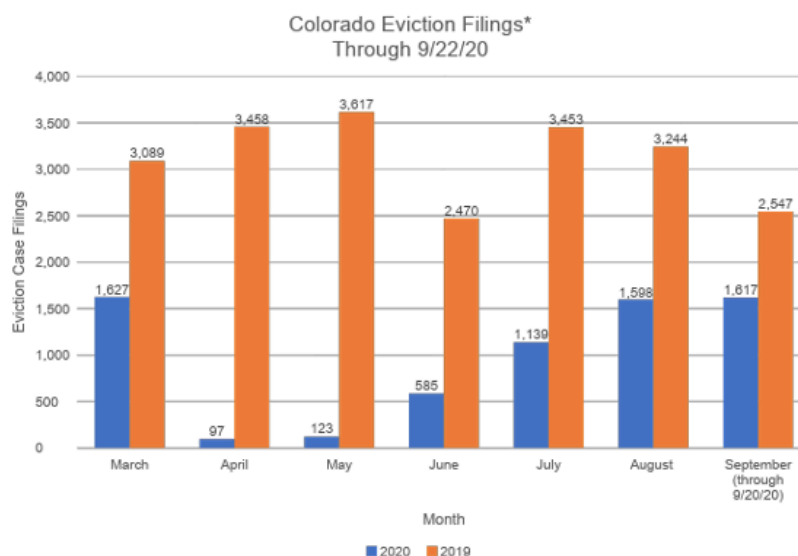
- Rent collections remain strong for Colorado landlords with about 95 percent of renters paying on time as of September 2020. Delinquencies are up just 2 percentage points from normal levels. (Apartment Association of Metro Denver).
- In the Denver Metro area, delinquencies are the highest for “C” grade properties, generally built in the 1970s and occupied by low income tenants without tenant based rental assistance (often referred to as “naturally occurring affordable housing, or NOAH”). (Industry interview).
- Similar surveys and data do not exist for small landlords who own rental properties for investment and income. These owners provide a large share of housing in many areas of the state. Small owners are generally more vulnerable to non-payment of rent, as they do not have an investor base to share risk and rely on consistent payments to meet their mortgage obligations. If rentals are not lucrative, these owners may sell, which could further exacerbate rental shortages.

Eviction filing trends.

- 2020 monthly eviction filings are lower than in 2019. (Apartment Association of Metro Denver). 2020 eviction filings were 53 percent of the 2019 level in March; just 3 percent in April and May; 24 percent in June—and then began to rise, to 63 percent of 2019 levels in September.
- The abrupt decline in eviction filings after March, shown in the figure below, is related to eviction moratoria as well as federal income supplements.

Monthly Eviction Filings, 2019 v. 2020

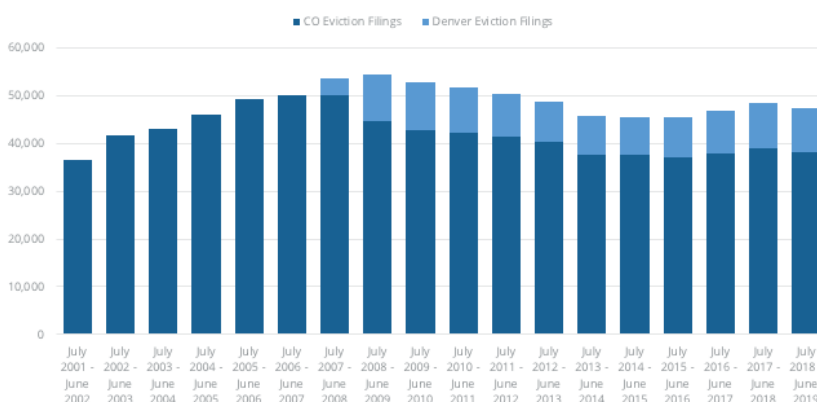
Source:
Apartment Association of Metro
Denver.



- Eviction filings are slightly lower than they were during the Great Recession. Colorado eviction filings peaked between July 2008 and 2009 at 55,000 annually—or nearly 4,600 per month.¹ Filings declined steadily until July 2016, when they began increasing again. Total eviction filings between July 2018 and 2019 were just below 50,000—about 4,200 per month. (Root Policy Research)
- Eviction filings in the City and County of Denver have consistently made up about 18 percent of total eviction filings in the state, and have reflected statewide trends. This share is slightly lower than Denver’s share of all renters in the state (21%). (Root Policy Research)

Annual Eviction Filings, 2001-2019

Source:
Root Policy Research based on
Colorado Judicial Branch Annual
Statistical reports.



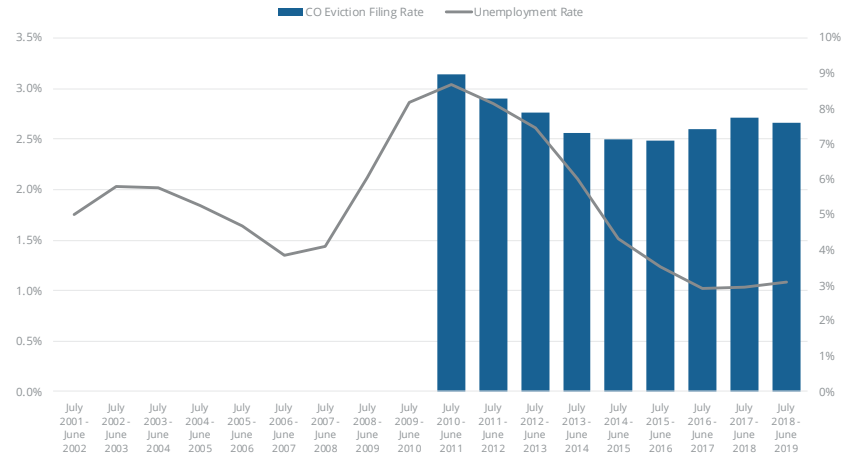
¹ This may be a factor of evictions against former owners of foreclosed homes as well as general recessionary conditions.

- As shown in the figure below, the eviction filing rate and unemployment rate share similar trends (Root Policy Research)

Eviction Rate and Unemployment Rate, 2001-2019

Source:

Root Policy Research based on Colorado Judicial Branch Annual Statistical reports, ACS 1-year 2019, and Bureau of Labor Statistics.



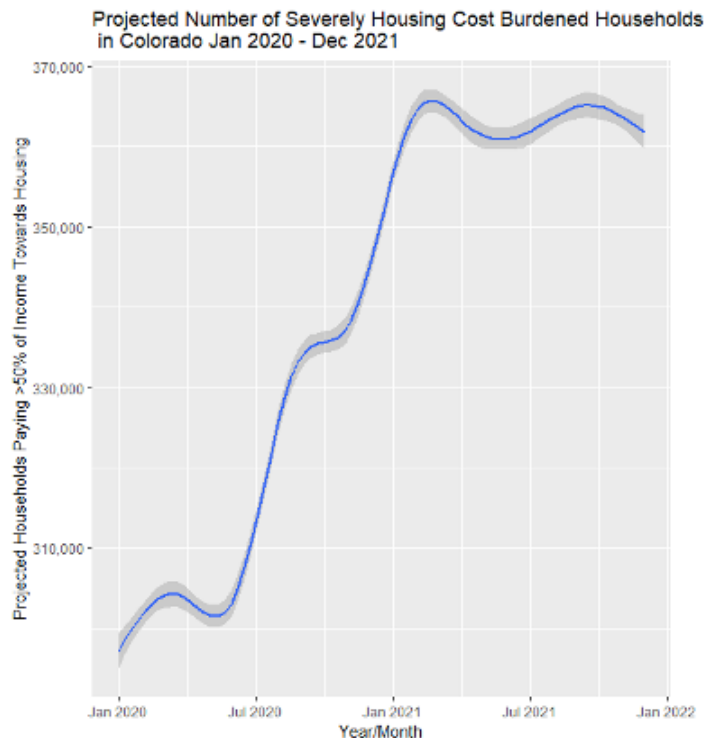
Households in need.

- As of January 2020, 150,000 Colorado households paid more than 50 percent of their gross household income in housing costs (“severe cost burden”). Since the federal income supplements lapsed in late July, severely cost burdened households have been rising and could reach 360,000 by year end. (DOLA)

Colorado Severely Cost Burdened Households

Source:

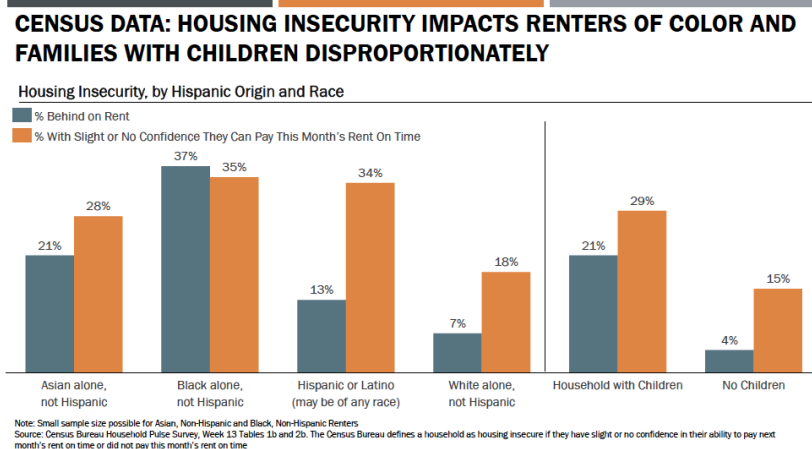
DOLA.



- In August, 117,000 Colorado households were not caught up on their housing payments, with 20,000 very likely to need to leave their homes. Mostly due to the halt in federal income supplements, this jumped 140,000 by September, with 40,000 very likely to need to leave their homes. (U.S. Census Pulse Survey)
- Statewide, Black households are 5 times more likely than White households to be behind on rent; Asian households, 3 times more likely, and Hispanic households, 2 times more likely. (U.S. Census Pulse Survey)
- Statewide, households with children are 5 times more likely than those without children to be behind on rent. (U.S. Census Pulse Survey).

Housing Insecurity Disproportionate Impact

Source:
COVID-19 Eviction Defense Project.



January 2021 eviction risk.

- Models based on unemployment predictions and cost burden suggest that between 150,000 and 230,000 Colorado households could be at risk of eviction by December 31, 2020. (Stout, Risius, Ross LLC commissioned by the National Council of State Housing Agencies; Colorado; COVID-19 Eviction Defense Project).
- The total amount of rent in arrears for these Colorado tenants is estimated at \$470 million, with 70 percent of those debts for people making 80 percent AMI or less (ranging from \$56,800 for a family of four in non-resort rural areas of Colorado to \$80,000 in the Denver metro area). (Stout, Risius, Ross LLC and COVID-19 Eviction Defense Project).
- The average outstanding unpaid rent per household is \$3,000 (Root Policy Research, based on above estimates). This is lower than the Moody Analytics estimate of \$5,400 for all renters in the U.S. (Stout, Risius, Ross LLC)

Resources available and unmet need.

- As of October 2 2020, the state's new Emergency Housing Assistance Program (EHAP) had served 1,192 households, with nearly \$2.5 million of assistance provided. DOH estimates that current funding dedicated to the EHAP program will run out in late December 2020.
- The state's landlord assistance program—POP—launched on July 15, 2020, had served 4,981 households with nearly \$8 million in assistance. DOH estimates that current funding dedicated to the EHAP program will run out in late November 2020.
- The City and County of Denver's Temporary Rental and Utility Assistance Program (TRUA), launched in 2017, benefitted 1,200 households between January and July 2020. \$6 million was allocated to that program for 2020. On average, 67 percent of beneficiaries earned less than \$30,000 (for a family of four). The average household assistance was \$1,400 total.

Summary of Trends and Needs

As of 2019, more than 760,000 Colorado households rented. The vast majority of these renters—95 percent—pay their rent on time and avoid eviction filings. Based on delinquency rates and Colorado Judicial Statistics, approximately 38,000 renters are delinquent on rent at any given time, and 50,000 face eviction filings annually.²

Three times as many Colorado renters are severely cost burdened (150,000) than receive an eviction filing (50,000) in non-pandemic conditions. The majority of renters who are severely cost burdened still “make” rent by cutting back on other household expenses and/or relying on help from friends and family or taking on personal debt.

The COVID-19 pandemic has put a strain on both tenants and landlords—yet not as much as initially feared by the industry according to data on delinquent rent. To keep current on rent, renters have drawn on savings, used credit cards, received help from family or friends, found new or additional employment—and benefitted from federal, state, and local assistance and landlord efforts to keep tenants housed. Data trends suggest that eviction moratoria and federal supplements prevented evictions between April and August.

Those renters most adversely affected by the pandemic include households with children, households of color, households earning less than 60 percent of AMI, households without federal tenant based rental assistance (“Section 8”), and those who have lost their jobs. Job losses affect low income and communities of color at a higher rate than for the population overall, and jobs in harder-hit lower wage sectors are less likely to return to full capacity.

² This assumes that nearly all eviction filings are filed against renters v. former owners remaining in foreclosed homes.

The number of households who could face a physical eviction after the CDC moratorium could reach 150,000 if conditions do not improve. At the very least, as many as 25,000 households are likely to be moving through the eviction process beginning in January 2021, based on eviction filings that have already occurred in March through September of 2020 and 2019 October through December trends.

Process

The Task Force was announced and members were notified of their appointment on August 26. The Task Force met for three hours weekly between September 10 and October 1. These meetings were open to the public. On average, the meetings had 40 attendees, including Task Force members and state staff.

Presentations were provided to the Task Force 1-2 days in advance of each meeting. Agendas consisted of a mix of Task Force member discussion and presentations by experts in the fields of eviction prevention, housing stability policy, multifamily leasing, mortgage finance, and economics.

The project managers and consultant team were emailed approximately 10 letters from outside stakeholders during the period in which the Task Force met, which were forwarded on to Task Force members. Task Force members also received input from stakeholders individually. The data, information, recommendations for policy interventions, best practice ideas, and concerns of stakeholders were considered during Task Force member discussion and captured in the expert presentations.

Policy Recommendations

The primary purpose of regulatory intervention in landlord/tenant laws is to mitigate the most extreme consequence of housing instability—housing displacement that leads to homelessness.

The Task Force recognizes the inherent tension in developing policy that balances the needs of vulnerable tenants and encourages multifamily investment and market participation. Task Force members are also mindful of the unintended consequences of policy and regulatory intervention.

To that end, the Task Force considered the following in evaluating policy recommendations:

- The policy helps those who have the greatest risk of eviction and who are under-resourced;
- The policy has limited impacts on economics of housing delivery; and
- The policy is delivered efficiently/can be implemented in a short timeframe.

The Special Eviction Prevention Task Force developed the following recommendations during their four weekly meetings. These are organized by:

- Short-term—immediate action—recommendations;
- Medium-term—3 to 6 month—recommendations; and
- Longer-term recommendations to address housing instability challenges associated with the COVID-19 pandemic and that existed in Colorado before the pandemic.

Altogether, the Task Force developed 14 ideas to improve housing instability challenges in Colorado. This input from the Task Force members—represented as both Colorado residents and stakeholders—is an invaluable part of establishing outcome-driven, effective housing policy benefitting all of Colorado’s communities.

Short-term (0-3 month) Policy Recommendations

Short-term recommendations are focused on: 1) Helping renters who have experienced adverse economic shocks from COVID-19 manage their rent obligations; and 2) Mitigating a surge in physical evictions after the CDC moratorium expires on December 31, 2020.

Recommendation S1—Noticing of CDC Moratorium. The state should require landlords provide information on the Centers for Disease Control (CDC) Temporary Halt in Evictions tenant declaration form with any attempt to collect rent before initiating an eviction.

All Task Force members are in favor of this recommendation.

This recommendation was enacted as Executive Order 202, issued on September 22, 2020.

Recommendation S2—Suspension of late fees and interest. The Governor should suspend the assessment and accumulation of late fees and interest through the COVID-19 pandemic, the time period of which would be defined by the Governor, for tenants who can demonstrate, through a declaration like the DOLA COVID-19 self-certifying form, developed by DOLA, that they have experienced “financial hardship due to COVID-19.”

The Governor should also direct landlords to notify tenants that late fees and interest can be suspended with the declaration form—and specify the period within which a tenant must provide the notification to avoid assessment of late fees and interest. DOLA would revise its Model Notification of Federal Protections to assist with the notification.

EO D088 defines “financial hardship due to COVID-19”: “An individual or household (1) suffers a loss of income or is unable to work as a direct or indirect result of COVID-19, and (2) the individual or household does not have the financial resources to make rental payments without leaving them unable to make necessary purchases of goods and services such as food.”

After deliberation, all Task Force members came to agreement on this recommendation. *Note: initial concerns about the recommendation were related to: 1) The impact of fee suspension on small landlords; 2) Late fees are not the biggest problem—accumulating outstanding rent payments are; 3) The purpose of late fees in creating an important “guard rail” for those living month-to-month to prioritize their rent payment; and 4) Late fees and accrued interest often equal the amount of past due rent, making it difficult for renters to cover all costs due to the landlord. Four members wanted to limit this to through December 31, 2020 with re-evaluation by the Governor at that time.*

A modification to retroactively apply the suspension of late fees and interest to the State of Emergency declaration (March 10, 2020) is supported by 4 Task Force members, opposed by 5, with one requesting legal clarification on retroactive application.

Recommendation S3—Enact a State eviction moratorium. The Task Force requests that the Governor consider a state eviction moratorium that would replicate and expand the CDC eviction moratorium and cover leases that end before December 31, 2020, month-to-month tenancies, and “non-substantial” lease violations as defined by the state.³

The majority of Task Force members supported this recommendation.

Seven Task Force members support and 3 oppose. *Opposition is related to concern that added complexity will result in owners increasing deposits and underwriting standards to mitigate risk as well as concern about enforcing the non-substantial lease violations clause.*

Recommendation S4—Increase funding for rent relief. The Task Force requests that the State of Colorado increase the amount of CARES funding dedicated to rent relief to at least the average of what comparable states provide (4% of CARES funding), and provide additional federal or state funds for POP.

Most Task Force members are in favor of this recommendation, although requested assurance that redirecting funds would not adversely impact other important services for low income workers (e.g., child care).

Recommendation S5—Extend the 30 day period to cure. The Task Force recommends that the state extend the 30-day period to cure through the pandemic, with the pandemic period defined by the Governor.

Five Task Force members are in favor; 3 would extend through 12/31/20; 2 are opposed. *Opposition is related to the experience of landlords that when more slack is added to the rent cycle, it allows for those that are delinquent to fall farther behind.*

³ The CDC Temporary Halt in Residential Evictions to Prevent the Further Spread of COVID-19 of 9/4/20 notes that the order does not apply to any “State, local...area with a moratorium on residential evictions that provides the same or greater level of public-health protection...” <https://www.federalregister.gov/documents/2020/09/04/2020-19654/temporary-halt-in-residential-evictions-to-prevent-the-further-spread-of-covid-19>

Medium-term (3-6 month) Policy Recommendations

Recommendation M1—Impose limits on late fees and interest. Irrespective of the pandemic, the Governor should recommend that the legislature research and consider imposing a statutory limit on the amount of late fees and interest that landlords can charge tenants in rentals or mobile home owners with leases.

All Task Force members are in favor of this recommendation.

The limits recommended by TF members varied:

- 1% of rent or \$25 max
- 2.5-5% of month's rent.⁴
- \$75 or 10% of outstanding rent (and an additional \$10 or 1% thereafter).
- *Note: The Apartment Association reported that their members' average late fee is \$79; median is \$75; mode (most frequent) is \$50—roughly 5% of a \$1,500 monthly rent.*

Recommendation M2—Impose late fee and interest grace period. Irrespective of the pandemic, the Governor should recommend that the legislature research and consider imposing statutory a grace period during which late fees and interest cannot be imposed to tenants in rentals or mobile home owners with leases.

All Task Force members are in favor of this recommendation.

The grace period recommended by TF members varied:

- 4-5 days, which is in line with what the industry does voluntarily
- No more than 10 days maximum, noting that a 10 day grace period allows a landlord to collect rent prior to having to paying their mortgage on the rental property before the landlord's grace period expires on his/her mortgage
- 15 days, which is what the mortgage industry uses, providing equity to renters
- Leave up to legislature

Recommendation M3—Create a landlord tax credit for rent and late fee/interest forgiveness. The Task Force recommends that the Governor request the state legislature create a new state tax credit for landlords who can demonstrate they have forgiven rent and applicable late fees and interest—and have not initiated eviction filings or evicted those renters—for renters whose ability to pay rent was adversely affected by financial hardship from the pandemic. Consistent with the POP, landlords could not take the credit and then initiate an eviction. The renter income levels would be tailored to the local market with priority for low income renters (50% to 80% of area median income).

⁴ Some members noted that a 5%, non-compounding, fee is equivalent to what mortgage lenders charge for late mortgage payments.

Nine Task Force members are in favor of this recommendation with one member requesting clarification on the budget implications of such a credit.

Recommendation M4—Strengthen “early eviction response” tools. The Task Force requests that the State of Colorado strengthen and expand communication channels for getting resources to tenants who need them the most, beyond landlord requirements for noticing, to ensure that available resources are equitably distributed to those at highest risk of eviction.⁵

This effort should include:

- Expanding the marketing and outreach of the existing Housing Counseling Assistance Program (HCAP, www.coloradohousingconnects.org), which provides online resources and a landlord/tenant hotline.
- Task Force members offered the following best practices for marketing and outreach expansion:
 - Utilizing community navigators to reach underserved residents who may be reluctant to respond to government programs.
 - Using a variety of mediums such as radio programs, culturally specific newspapers, and social media channels.
 - Ensuring language translation options and a website that is screen-reader compliant.
- Ensuring that all county court materials related to evictions are made accessible for persons with LEP and with disabilities.

All Task Force members are in favor of this recommendation.

Recommendation M5—Ensure statewide access to housing counseling and legal representation for tenants facing eviction. The Task Force recommends that the state expand funding to provide tenants with free legal representation for unrepresented tenants facing eviction. This could include statewide tele-mediation through the Office of Dispute Resolution in the State Courts Administrator’s Office. The Task Force would also like to expand tenant access to housing counseling/tenant rights and responsibilities programs.

Task Force members are in favor with the following conditions:

- *State resources are provided (no unfunded mandates),*
- *Services can be provided online/virtually, and/or*

⁵ This could incorporate “lessons learned” from Denver’s current evaluation of outreach to vulnerable groups.

➤ *Either party can request a counselor/mediation.*

Recommendation M6—Prohibit inquiries into pandemic-related evictions.

The Task Force recommends that the Governor prohibit landlords from considering a “no cause” eviction record occurring during the pandemic when evaluating a tenant’s past rental history for future leasing.

Task Force members are split on this recommendation: 4 are in favor, 2 are opposed, and 4 recommended this be evaluated by the SHWG. It was noted here that the mechanism landlords use to evaluate prior rental history is automated, similar to traditional credit reporting. As a result this recommendation may be hard to implement.

Recommendation M7—Lengthen the writ of restitution beyond 48 hours.

The Task Force recommends that the state lengthen the current writ of restitution period (the time a tenant has to vacate a home from which they have been evicted) to more than 48 hours but less than 2 weeks and require landlords accept payment up to and through the writ period.

Seven Task Force members are in favor and 3 are opposed. Opposition is related to the length of time that is already available to cure the obligation and that the 48 hour period is rarely exercised—most tenants have a longer period to vacate as is as due to court/Sheriff coordination. Another concern was related to well as how payments would be received during the writ period and the Sheriff’s role in collecting and providing to landlords.

Longer-term Policy Recommendations

Recommendation L1—Develop a program to repurpose hotels/motels into transitional housing.

The Task Force recommends the state develop a program that provides funding to cities and counties for transitional housing options that can provide temporary housing for evicted tenants. This would include acquiring and repurposing aging motels and hotels, especially those that are experiencing pandemic-created economic losses. This could be paired with a housing counseling, good tenant, and relocation program.

All Task Force members support this idea.

Recommendation L2—Create a tailored counseling and good tenant

program. The Task Force recommends that the state create a tailored and effective housing counseling program and good tenant program that could be utilized by all tenants, not just those facing eviction, as an effective eviction-prevention tool.

All Task Force members support this idea.

Other Housing Policy Considerations

The Task Force discussions generated many innovative solutions for housing challenges beyond the pandemic. These are bulleted below and will be referred on to the SHWG.

Increase tenant based rental assistance.

Prevent mobile home park resident displacement.

“Unlock” housing supply by making better use of land. Increase land available for housing development through zoning and land use reforms.

MAKING HOMELESSNESS HISTORY IN COLORADO

Updated 10/23/2020



INTRODUCTION

‘Making Homelessness History In Colorado’ provides a framework for efforts to address homelessness in Colorado today and a vision for the future. It introduces a series of guiding principles with key goals, cross-cutting approaches, and a list of proven solutions that communities across Colorado have successfully implemented that can be replicated elsewhere.

Our hope is that this document successfully weaves together many of the different conversations underway in Colorado while also building on the foundation of effective strategies and solutions at the local, state, and federal levels. It has been created with input from the Colorado Department of Local Affairs (DOLA), the Colorado Department of Human Services (CDHS), the Colorado Department of Health Care Policy & Financing (HCPF), community stakeholders, and those with lived experience from throughout the state.

Whether it’s due to getting sick, losing a job, or family conflict, homelessness can happen to anyone. We also know that due to historic and ongoing racism, not all racial and ethnic groups experience homelessness at the same rate. People of color, particularly Black and Native Americans, are disproportionately represented and impacted at virtually every phase of the experience. The homeless response system, which triages, supports, and re-houses people experiencing homelessness, must identify and respond to racial disparities.

The COVID-19 pandemic and accompanying economic fallout is hitting low- and extremely low-income individuals and families who were already severely cost-burdened especially hard. It is also estimated that persons experiencing homelessness infected with COVID-19 are twice as likely to be hospitalized, two to four times as likely to require critical care, and two to three times as likely to die from the illness as the general population.

This document serves as a playbook to address these challenges in order to meet the needs of those experiencing homelessness whether they’re Veterans, families, youth, seniors, those fleeing domestic violence, individuals with complex physical and behavioral health needs, or those exiting incarceration. Across these populations and regardless of the precipitating event or circumstance, we know that homelessness ends in a home.

Collaboration is critical to the successful implementation of this playbook. If you have any feedback, positive or negative, please contact Kristin Toombs (kristin.toombs@state.co.us), Director of Homeless Initiatives within the Colorado Department of Local Affairs, Division of Housing. Thank you for your commitment to making homelessness history in Colorado.

THE VISION

Our vision is that everyone in Colorado has a safe, stable, and affordable place to live. Together we can create a future where homelessness is rare and brief when it occurs, and no one gets left behind.

THE ISSUE

- **Homelessness is a result of individual adverse circumstances colliding with inadequate systems.** Solving the complex problem of homelessness requires a system that can continuously tackle the problem at the individual, systemic, and structural levels.
- **Homelessness is a dynamic, ever-changing problem.** A homeless response system needs to know who is experiencing homelessness, what they need to exit homelessness, how that population is constantly changing, and what is working. Emergency events like fires, floods, storms, and public health crises should inform the design of the homelessness response system.
- **There is no one-size-fits-all solution to homelessness.** Every individual or family experiences homelessness differently. Ending homelessness requires the availability of diverse, proven solutions that meet a variety of needs as well as respond to and address a history of systemic racial inequities.
- **It takes an entire community working together to tackle a complex problem.** No single individual, agency or organization can solve homelessness alone. A strong homelessness response system is built on partnerships across agencies, organizations, and community leaders.
- **We need to act now.** The health and well-being of our neighbors are at stake.

THE URGENCY OF NOW

Homelessness is a big problem, but not one too big to be solved when an entire community comes together.

- **9,600+** Coloradans reported experiencing sheltered or unsheltered literal homelessness on a single night in January during the 2019 Federal Point-In-Time Count snapshot.
- **23,000+** students identified as experiencing homelessness, doubled up, or unstably housed by school-based McKinney-Vento liaisons during the 2018-2019 school year.
- **53,000+** individuals covered by Colorado's Medicaid system in 2019 were without stable housing.

The discrepancies between these data sources are part of what motivates us to encourage every community working to end homelessness in Colorado to collaboratively develop a multi-sector, real-time, by-name list of people experiencing homelessness in their communities and use that list to rapidly test and implement strategies to reduce the number of people experiencing homelessness.

THE PLAYBOOK

SHARED VISION

We can create a future where homelessness is rare and brief when it occurs, and no one gets left behind.

KEY GOALS

STOP HOMELESSNESS BEFORE IT STARTS.

IDENTIFY INDIVIDUALS AT RISK & ENSURE THEY ARE SAFE.

CONNECT PEOPLE WITH SUPPORTS THEY NEED TO QUICKLY EXIT HOMELESSNESS.

CREATE ACCESS TO LONG-TERM STRUCTURAL SOLUTIONS.

CROSS-CUTTING APPROACHES

LEADING WITH EQUITY

Tackling homelessness through anti-racist practices and community-driven solutions is critical to eliminating racial disparities and inequitable outcomes.

REAL-TIME, PERSON-SPECIFIC DATA

A real-time list of people experiencing homelessness by name can provide a shared understanding of who needs support, whether efforts are working, and how to best target resources.

HOUSING FOCUSED

Helping those experiencing homelessness find stable, secure, and affordable housing as soon as possible provides a foundation to effectively tackle other challenges and opportunities they face.

CROSS-SECTOR PARTNERSHIPS

Screening for social determinants of health across benefit programs, educational systems, healthcare providers, and reentry planning improves care navigation, reduces emergency system utilization, and increases stability.

PROVEN SOLUTIONS

PREVENTION & DIVERSION

Programs that identify people at high risk of homelessness and provide supports that can help them to avoid it can help reduce the number of people entering homelessness.

COORDINATED ENTRY SYSTEMS

Standardized and coordinated systems of care over a given geographic area can help ensure that homelessness services are provided equitably, efficiently, and effectively.

AFFORDABLE RENTAL HOUSING

Ensuring that a given geographic area has enough affordable rental housing to meet its population's needs can help prevent families & individuals from falling into homelessness.

STREET OUTREACH

Street outreach programs can help to identify and help those who feel unsafe in, or are otherwise unable to come into traditional shelters.

RAPID RE-HOUSING

Providing families and some individuals experiencing homelessness with steeply declining subsidies for market-rate rental housing can help resolve an immediate financial crisis.

ANTI-POVERTY SUPPORTS

Programs that provide services, supports, and benefits help struggling households lead stable, productive, fulfilling, and dignified lives. Examples include access to physical and behavioral healthcare, childcare, employment, and nutritional services.

LOW-BARRIER SHELTERS

Shelters without restrictive entry requirements help create spaces in which people can feel safe and connect with resources.

SUPPORTIVE HOUSING

Supportive Housing combines affordable, community-based housing with access to voluntary wrap-around supportive services to help ensure safety and stability for extremely low-income households who face complex barriers and have long lengths of homelessness.

HOMEOWNERSHIP SUPPORTS

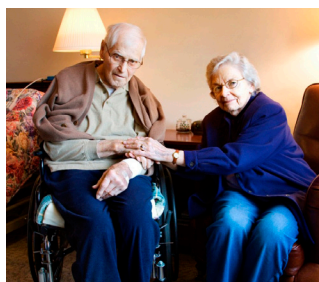
Providing opportunities for low- and middle-income families to purchase homes protects them from rent increases and gentrification that can contribute to homelessness.

Additional information can be found at : [The Colorado Community Health Alliance](#), [The National Alliance to End Homelessness](#), & [The Center for Evidence-Based Solutions to Homelessness](#).

THE POWER OF PARTNERSHIPS

PROVEN SOLUTIONS	LOCAL ACCOMPLISHMENTS
PREVENTION & DIVERSION	<ul style="list-style-type: none"> The Homeless Prevention Activities Program (HPAP) uses State Income Tax Check-Off funding to provide emergency funding and case management assistance to eight organizations working across 25 counties. Northern Colorado's Coordinated Entry System uses HPAP funds to ensure that care managers can quickly engage with clients experiencing a tenancy crisis.
ANTI-POVERTY SUPPORTS	<ul style="list-style-type: none"> Economic Security Programs are our first line of defense for individuals living in poverty to prevent homelessness. All Colorado counties provide a variety of supports, including basic cash assistance, employment supports, food, and medical assistance.
COORDINATED ENTRY SYSTEMS	<ul style="list-style-type: none"> In 2019, OneHome in Metro Denver increased housing placements by 2-3x over the previous year for families and young adults. Pitkin, Garfield, and Eagle counties are conducting case conferencing to more efficiently and equitably allocate Homeless Solutions Program - State Housing Vouchers.
LOW-BARRIER SHELTERS	<ul style="list-style-type: none"> The City of Colorado Springs collaborated with Community Health Partners on a coordinated strategy to leverage Emergency Solutions Grants funding to encourage policy changes at their higher-barrier shelter, which resulted in fewer people forced to live unsheltered in its downtown area.
STREET OUTREACH	<ul style="list-style-type: none"> The Denver Street Outreach Collaborative (DSOC) helps service providers engage with individuals who feel unsafe or are otherwise unable to access emergency shelters. This engagement is essential to building trust and securing permanent housing. When COVID-19 arrived DSOC staff helped connect medically vulnerable individuals with emergency non-congregate sheltering options.
RAPID RE-HOUSING	<ul style="list-style-type: none"> The Colorado Rapid Re-Housing and Reentry (COR3) program administered through Volunteers of America receives referrals through local coordinated entry systems and the Colorado Department of Corrections. Together these referral sources help close gaps in the continuum, disrupt cycles of recidivism, and reduce the number of individuals exiting incarceration to homelessness. Grand Junction's Next Step 2-Gen Program helps families with school-age children quickly exit homelessness in a collaboration between the Grand Junction Housing Authority, School District #51, Mesa County, and the Colorado Department of Local Affairs (DOLA).
SUPPORTIVE HOUSING	<ul style="list-style-type: none"> Journey Home is a 30-unit supportive housing development in Cañon City, CO, operated in partnership with Loaves & Fishes, Solvista Health, and Cardinal Capital funded by DOLA, the U.S. Department of Urban Affairs (HUD), and the Colorado Housing and Finance Authority (CHFA). The project provides affordable housing with access to supportive services to help individuals exiting chronic homelessness achieve long-term stability.
AFFORDABLE RENTAL HOUSING	<ul style="list-style-type: none"> Arroyo Village is a 130-unit development created in partnership with Rocky Mountain Communities and the Delores Project that includes 95 units of workforce housing, 35 units of supportive housing, and an 11,000 sq ft emergency shelter. Funded with support from DOLA, HUD, CHFA, and the Denver Housing Authority (DHA), the project is located in Denver, CO, adjacent to a light rail line. The Anvil Mountain Apartments is a 12-unit affordable housing development in Silverton, CO, created with support from DOLA, San Juan County, and the Town of Silverton. In response to the area's short construction season, the project was constructed with 10 factory-built sections delivered from Grand Junction, CO.
HOMEOWNERSHIP SUPPORTS	<ul style="list-style-type: none"> The home rehabilitation and emergency repair program operated by Otero County in partnership with DOLA and Total Concept provides low- or no-interest loans to homeowners in Bent, Crowley, and Otero counties. In addition to helping homeowners afford costly home repairs and maintain their housing, the program helps to preserve the region's limited housing inventory.
REAL-TIME, PERSON-SPECIFIC DATA	<ul style="list-style-type: none"> Fremont County and El Paso County have achieved "Quality Data" for all single adults experiencing homelessness, meaning that they are now able to substantially improve the systems that house and support individuals experiencing homelessness.
HOUSING FOCUSED	<ul style="list-style-type: none"> Emergency shelters in Denver have become more housing focused by leveraging Homeless Management Information System (HMIS) data to help connect and prioritize guests with housing opportunities on a nightly basis.

Housing and supports are foundational for the safety, health, and wellbeing of Coloradans. Housing is one of the best-researched social determinants of health, consistently found to improve health outcomes and decrease health care costs. We may not be able to prevent everyone from experiencing a housing crisis, but we can build a system to ensure that homelessness is rare and quickly resolved when it occurs.



GUIDING PRINCIPLES

- **We understand homelessness ends in a home.** We are addressing gaps in affordable housing and breaking down the barriers that stand in the way of affordable homeownership and rental opportunities.
- **We agree on a shared goal.** We aim to help more people and to drive that overall number of people experiencing homelessness down. Collaboration around this shared goal of ending homelessness — not just managing it — is necessary to make this a reality.
- **We work off a full picture of who needs support.** Data allows us to understand the scale of the problem and whether our activities and investments are reducing the number of people experiencing homelessness.
- **We invest in what works.** We ensure that the solutions we offer are those that are proven to work. Decades of evidence have proven that certain philosophies and interventions work — we are building a system that can deliver and target those solutions to those who need it.
- **We work toward a more equitable future.** Homelessness is inseparable from the social systems that create it. By applying a racial equity lens across all we do, we can identify, interrupt, and eliminate racial disparities at every stage of homelessness.

APPENDIX

[Cross-Sector Partnership Bright Spot](#)

[Tracking State & Federal Funding To Address Homelessness in CO](#)

[Built for Zero Community Dashboards Tracking Housing Placements](#)

[Ending Homelessness for Individuals with Justice System Involvement](#)

Program	Department of Local Affairs Division of Housing Programs by Eligible Activity							
	(see Note 1)	Homelessness Prevention	Homeless Shelters	Transitional Housing	Rapid Rehousing	Supportive Housing	Affordable Rental Housing	Homeownership
	HDG development grants and loans (State)							
	Purchase/Rent Hotel		Non-congregate					
	HDLF							
	CHIF							
	HOME/CDBG/Other development grants and loans (Federal)							
	HTF							
	HOME ARP		Non-congregate					
	Emergency Rental Assistance							
	Homeowner Assistance Fund							
	CDBG-CV (1,2,3)							
	HCV-ARP							
	ESG-CV							
	HSP Homeless Solutions Program (State)							
	Private Activity Bonds - PAB (Federal)							
	Emergency Solutions Grants (Federal)							
	Fort Lyon Supportive Residential Community (State)			(see Note 2)				
	VASH/HCV/CoC/811/Other Housing Vouchers (Federal)							
	CCT/Other State Housing Vouchers (State)							
	HCV Homeownership Program (Federal)							
	Homeless Prevention Activities Program - HPAP (State)							
	Home Modifications (Federal)							
	CODES Manufactured Housing (State)							
	Down Payment Assistance (Federal)							
	Single Family Rehab - SFOO - Grants and Loans (Federal)							

Note 1: The continuum of housing and responses are not necessarily linear. For example, when individuals and families experience homelessness, they often move in and out of shelter, hotels/motels, cars, couch-surfing, and/or outdoors. Many also experience institutional or inpatient stays throughout that period. From homelessness, they may or may not enter a transitional housing program, such as the Fort Lyon Supportive Residential Program, or they move directly into a permanent housing situation. Permanent housing may be Rapid Re-housing, Supportive Housing, Affordable Rental Housing, Market Rental Housing (which could include family reunification).

Note 2: Fort Lyon can be considered closest to Transitional Housing, but it is unique in that it focuses on addiction recovery.



Root Policy Research

6740 East Colfax Avenue

www.rootpolicy.com

970.880.1415

Affordable Housing Policy Recommendations

Colorado Strategic Housing Working Group

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BACKGROUND

The 2019 legislative session was historic for affordable housing in Colorado. State legislators passed two bills to increase funding for the Department of Local Affairs (DOLA), Division of Housing (DOH), enabling the state to better respond to growing housing challenges.

Coupled with this new funding was a requirement to engage stakeholders about priority housing needs. DOH, in partnership with Housing Colorado and the Colorado Housing Finance Authority (CHFA), completed a [2019 Stakeholder Engagement Process](#). That process included a recommendation to form an advisory panel reflecting the state's geographic diversity and needs.

On September 1, 2020, the Colorado Department of Local Affairs (DOLA) announced the appointment of the Strategic Housing Working Group (SHWG).

STRATEGIC HOUSING WORKING GROUP

The SHWG was formed to:

- Work with DOH staff to [further analyze research](#) conducted by DOH and others to advance and meet Colorado's affordable housing needs.
- Help create and [advise on the best strategies](#) to elevate, act on, and maintain momentum for statewide affordable and attainable housing.
- [Facilitate increased collaboration](#), informing the strategies and plans for allocating funds, while maintaining a focus on regional and local needs
- [Discuss and make recommendations](#) to the Colorado State Housing Board on long-term strategies to achieve the state's housing policy.

This report constitutes the recommendations from the SHWG to the State Housing Board.

The SHWG members have diverse backgrounds spanning housing, development, advocacy, banking, and local government. Members include:



Anaya Robinson

Associate Director, Atlantis Community, Inc.



Angela Hutton-Hall

Managing Broker, City Park Realty and Attorney at Law



Beatriz Gonzalez

Vice President, Community Lending and Diverse Markets Business Development Officer, Bank of the West



Beth Roalstad

Executive Director, Homeward Pikes Peak



Brendalee Connors

Chief Real Estate Officer, Metro West Housing Solutions



Darren Everett

Principal and President, BLDG Management



Doug Snyder

Vice President, Regional Real Estate Development, Volunteers of America



Jennie Rodgers

Vice President, Denver Market, Enterprise Community Partners



Jennifer Kermode

Executive Director, Gunnison Valley Regional Housing Authority



Kelly McNicholas Kury

County Commissioner, Pitkin County



Steven Cordova

Executive Director, Total Concept



Ty Coleman

Mayor of Alamosa and Director of Corporate Relations and Lending, Colorado Rural Housing Development Corporation (CRHDC)

Dear Members of the Strategic housing Working Group:

Thank you for your service over these past few months. Your work on the SHWG has been invaluable. You've taken time out of your busy professional and personal schedules to discuss housing issues, identify concerns, research and propose solutions that will enable more Coloradans to access safe and more affordable housing. We have seen many of SHWG's suggestions, deliberations and proposals already begin to inform policy direction.

Thank you again for your time and dedication. It will continue to have an impact for Colorado!

Sincerely,

Rick M. Garcia
Executive Director
Department of Local Affairs

When the formation of a Strategic Housing Working Group was first introduced in 2019, we did not know each of our lives and our economy would be impacted by a pandemic. We already knew hundreds of thousands of Coloradans faced challenges in accessing affordable, safe and secure homes. The pandemic exacerbated the situation.

With my sincerest gratitude, I want to thank the members of the SHWG for volunteering and dedicating their time to addressing Colorado's housing challenges. People listened as the SHWG met and deliberated ideas. So much so that bills were even passed during the 2021 legislative session responding to the discussions of the SHWG. Bills like HB21-1271 that support local governments in streamlining the production of affordable housing. There is still much to do though, and this report provides a foundation for the work and the changes that need to be made to achieve an affordable, safe and secure home for all Coloradans.

With Gratitude,

Alison George
Director
Department of Local Affairs
Division of Housing

PROCESS

The SHWG met four times, for three hours each meeting, between November 3, 2020 and June 17, 2021. Those meetings were dedicated to exploring meaningful solutions to address the range of the state's housing needs.

The **initial meeting** (Meeting 0) set the stage for future discussions.

Meeting 1 was dedicated to setting priorities for research. The SHWG chose Idea Areas to explore, and SHWG members volunteered to join subgroups to research program and policy solutions.

During **Meeting 2** the SHWG subgroups shared their research on the Idea Areas identified in Meeting 1. SHWG members provided peer review for the solutions presented.

Meeting 3 was a review of the first draft of the SHWG report. Following that meeting, the SHWG finalized the report for presentation to the State Housing Board.

Meeting notes can be found on the [Strategic Housing Working Group](#) website.



PRIORITY HOUSING NEEDS

The SHWG began with the findings from the 2019 DOH Stakeholder Engagement Process. That process reached 868 stakeholders, representing 54 of Colorado's 64 counties, and covering a wide range of urban and rural perspectives. The 2019 report identified Colorado's priority housing needs as:

Challenges qualifying for assistance

for a range of residents, from vulnerable populations who have challenging histories to middle income households whose income exceeds program thresholds

Negative effect of the housing crisis on **employment and economic development**

Lack of understanding of affordability challenges—and appreciation of needs—among policymakers and residents

Priority for **people living and working** in their communities

Concern about **community displacement**

Elimination of Naturally Occurring Affordable Housing (NOAH) including that provided by mobile homes

Unique needs of **vulnerable populations** and importance of supportive services paired with affordable housing

Idea Areas for Consideration

Members of the SHWG selected Idea Areas to explore, based on:

- The recommendations from the [2019 Stakeholder Engagement Process](#);
- Expertise of the SHWG members; and
- Housing needs in the communities represented by working group members.

The following Idea Areas were researched by subgroups of SHWG. Recommendations for addressing each are included in this report.

- 1 Accessibility and Universal Design
- 2 Capital and Capacity
- 3 Rental Assistance Programs
- 4 Preserving and Incentivizing Naturally Occurring Affordable Housing (NOAH)
- 5 Zoning and Land Use
- 6 Supportive Service Provision
- 7 Rehabilitation and Homeownership

RECOMMENDATIONS

Recommendations for program and policy changes for each Idea Area follow.

All recommendations that appear in this report were vetted by group members and are supported by the SHWG.

Preliminary recommendations that did not receive overwhelming support by the SHWG were discussed and refined and, in cases where support was neutral, were not carried forward.

Accessibility and Universal Design

Colorado's housing stock falls considerably short of meeting the needs of disabled residents:

- Resident surveys suggest that at least one-quarter of Front Range households with a member with a disability live in housing that does not meet their accessibility needs.¹
- Nearly 60 percent of Colorado's housing stock was built before accessibility requirements were put in place under the Fair Housing Act in 1991.²
- In Denver, only 0.01% of rental units and 0.05% of owner occupied units are wheelchair accessible.³

With demand for accessible units in the state vastly outpacing supply, accessibility improvements and home modifications are acutely needed.

Developer data show that it is more cost effective to construct accessible units new compared to retrofitting existing units: **Modifications cost upward of \$9,000 per unit, compared to the \$5,000 per unit needed to add accessibility features to new construction.** Retrofitting can be more cost effective if newly

constructed units and buildings are designed to be more easily modified in the future.

The Accessibility and Universal Design subgroup considered program and policy changes to increase the supply of affordable housing units that are:

- Fully accessible for persons with disabilities; or
- Have design features that make them visitable by persons with disabilities and can be adapted to full accessibility.

Recommendations

DOH to increase funding by \$5,000 per unit for each accessible unit built in affordable developments.

DOH to use grants or incentives to create a Type B+ accessibility option. The B+ option would include features that allow limited-mobility residents to access units without modifications and have one fully accessible bathroom. This would not be a mandate, but an incentive, and would also apply to retrofitted units.

¹ Root Policy Research

² 2019 5-year ACS

³ Accessibility of America's Housing Stock: Analysis of the 2011 American Housing Survey, HUD.

Capital and Capacity

This SHWG subgroup explored solutions to help “level the playing field” for small and/or rural/rural resort agencies develop housing, with the goal to reduce regulatory barriers, increase competitiveness, and build capital of small developers in rural Colorado.

Many existing programs, funding formulas, program design, and implementation decisions are crafted in ways that do not work for smaller agencies and rural places that face low-population density, limited institutional capacity, very high development costs associated with geographic isolation and short construction seasons, and, in some regions, persistent poverty.

Small and rural agencies are held to the same standards and regulatory structures as larger housing agencies—yet have much lower capacity due to limited staffing and the multiple hats that staff must wear.

Core challenges include:

- Balance sheet strength—small agencies face the tension between needing to spend down cash and showing balance sheet strength. They need to be able to become whole again when they are required to spend down resources.

- Scale and flexibility—Agencies operating in larger markets can raise and retain capital through developments of scale. In rural areas, sometimes a 15–20-unit project is all that is needed to make a big impact in a market—yet this type of activity does not generate the capital needed to help stabilize the cyclical nature of development.
- Staffing—It is very challenging to recruit qualified staff; turnover is high. In some areas, this is due to the geographic isolation; in others, it is due to housing costs that far exceed what the workforce can afford.
- Grant writing—the onerous nature of applications and time spent to write grants is large relative to the benefit, particularly when it can take months to receive funds.

Recommendations

Recommendations for enhancing capital and capacity of small housing development agencies.

DOH to provide multi-year awards to small housing agencies, including local governments, public housing authorities, and nonprofits.

DOH to develop a flexible funding source to help build balance sheet strength for small agencies.

DOH to provide a pool of on-call consultants, well versed in these unique challenges, and potential funding to help small agencies.

Recommendations for enhancing capital and capacity in rural communities.

DOH to examine ways to “right size” requirements for rural areas.

- Consider environmental clearance, per-unit caps, project delivery ranges, and lower match requirements.
- Consider higher subsidies for non-LIHTC projects, and perhaps higher income limits if appropriate.

DOH to increase per unit funding guidelines to meet the development funding gap for non-metro projects.

DOH to increase household AMI caps in rural resort counties to align with workforce housing needs.

Rental Assistance Programs

This SHWG subgroup focused on solutions to increase the effectiveness of rental assistance programs for both the tenant and landlord. Barriers to effective utilization of rental assistance programs are many, ranging from:

- **Financial barriers to entry.** Most landlords require the first and last month's rent on top of a security deposit before lease signing, which can cost upwards of \$3,000. Landlords also commonly require "3x the rent in income" and apply that to the full rent amount (v. tenant portion excluding rental assistance), which disqualifies some renters with rental assistance.
- **Market bias.** Low and moderate income renter households compete for available rentals with those with greater financial fitness; this reduces likelihood of finding suitable property to rent.
- **Assistance gap.** In high cost markets, landlords are less likely to participate in assisted rent programs such as Section 8, and market rents are typically higher than the Fair Market Rents (FMRs) that HUD allows.
- **Provider reimbursement.** Housing providers who issue rental assistance to tenants receive very limited funding for administrative costs of the program. These costs have risen as it becomes more difficult for renters to find affordable units. Providers are not paid during the

housing search process—they are only paid once tenant finds a unit. As the search process has become longer, providers are experiencing larger loss in rental assistance administration.

Recommendations

- **Colorado Civil Rights Division (CCRD) to clarify treatment of "3x the rent in income" requirements in source of income protections.**
- **DOH to provide a fund that acts as a 'backstop account' for local housing agencies to implement and administer a localized master lease program.**

This funding would incentive landlords to keep units in long-term rental status and keep units affordable through a localized master lease program. Assistance from DOH would be provided in the form of assurance to a landlord for payment of last month's rent and security deposits. Participating landlords would be required to accept rental assistance, offer reasonable rents, carry a one-year lease, keep their property in good condition, and offer a transparent and friendly rental application. Local housing agencies with matching financial support would develop, implement, and administer a localized master lease program.

- **DOH to explore a program that will bridge the rental assistance gap for voucher holders whose rental options will not meet the rental rate.** Rental assistance gap could be in place until it is not needed because of increased payment standards.
- **DOH to explore funding to cover the front-end staff work borne by administering agencies required to find voucher holders affordable rental units that meet their needs.** DOH has recently increased its reimbursement rate for organizations that administer vouchers to \$43.40 per voucher per month, from \$38.66 per voucher per month. SHWG members acknowledge that this is the largest increase in the reimbursement rate in some time; the increase is welcome. However, funding is still needed to cover the front end costs of getting low income voucher holders into units—especially those who require special accommodations.

Preserving and Incentivizing Naturally Occurring Affordable Housing (NOAH)

NOAH refers to privately-provided units that are affordable to low and moderate income households without rent restrictions. NOAH developments are generally older, have few amenities, may be located on busier streets—and by their very nature, are more affordable. Mobile home parks are also NOAH opportunities. NOAH is a significant source of affordable housing in most Colorado communities; publicly-subsidized housing provides a relatively small share of affordable housing.

The inventory of NOAH has been decreasing in Colorado as units are purchased by investors, redeveloped and amenitized, and rented at non-affordable rates. Single family detached NOAH—commonly acquired during the Great Recession—has been sold as the homeownership market has strengthened. Many NOAH owners do not have the resources to keep up their properties without raising rents. These forces cause displacement of the families occupying NOAH.

New production of affordable units cannot keep up with the loss of NOAH, resulting in a net loss of affordable units.

The loss of NOAH has increased significantly in Colorado during the past 3 years. **Statewide, as of 2019, there were 86,000 fewer units with rents of less than \$1,000 per month than in 2016.**

In markets with increasing rents, NOAH becomes very attractive to investors intending to rehabilitate units and raise rents. The financing tools available to assist private or nonprofit partners acquire NOAH are very limited. Economically, it is more efficient and less costly to preserve NOAH rather than build new units. Preserving units also reduces tenant turnover, thereby lowering landlords' operational costs and keeping rents more affordable.

Compared to new development, preservation can be one-half to two-thirds less expensive than constructing a new building.⁴

The NOAH subgroup focused on preserving and mitigating the loss of Naturally Occurring Affordable Housing, typically provided by private developers. The group also considered the cost savings and tenant benefits from on-site supportive service provision by both private and nonprofit landlords.

⁴ Colorado Housing Preservation Network.

For mission-oriented buyers to act quickly in a competitive market, NOAH acquisition financing needs to be:

1. A nimble, flexible fast-acting capital resource
2. Have flexible loan terms
3. Provide concessionary capital—e.g., low cost second mortgages and equity
4. Include funding to cover basic renovation costs

Recommendations

- **DOH to create a grant and loan fund to help finance the *acquisition* of NOAH.** This fund would be fast acting and quickly deployable to allow NOAH developers to compete on the private market.
- **DOH to create a grant and loan fund to help finance the *rehabilitation and preservation* of NOAH properties.** This fund is aimed at lowering equity costs and the costs of borrowing to finance improvements of the property long term.

Zoning and Land Use

The DOH Stakeholder Engagement report identified many land use and zoning challenges that inhibit and slow the production of needed housing and increase housing costs. Those include:

- Not-in-My-Backyard Syndrome (NIMBYism);
- Local zoning and building codes that limit density, limit building heights, and/or have excessive parking requirements which limit the development of additional affordable housing;
- Land use policies that encourage sprawl which adds transportation costs to resident household budgets and additional infrastructure costs to local governments/developers;
- Local governments that are not properly equipped with the intricacies of land use and affordable housing finance to attract affordable housing development; and
- Lack of technical knowledge and experience with the development process and regulations, and positioning properties for affordable housing.

The Zoning and Land use subgroup convened to explore land use solutions in Colorado communities that would facilitate the development of affordable housing. The subgroup focused on addressing barriers to development in the development process, development regulations, and building technical

knowledge to implement affordable housing programs and support zoning and land use changes locally.

Recommendations

- **DOLA to develop the following technical assistance for housing agencies: an affordable housing toolkit of resources to better inform (LGs) on land use and affordable housing policy; LG guidance for identifying and preparing sites for affordable housing and positioning to attract developers; a platform for LGs interested in exploring ADUs as an affordable housing policy.**
- **DOLA to fund local governments (LGs) housing needs assessments.**
- **DOLA to provide education, templates, resources, and advising to position (LGs) to attract higher levels of funding for affordable housing**
- **DOLA to provide local government funding for land acquisition—including land banking—and infrastructure improvements that support the development of affordable housing by lowering costs to developers.**

Supportive Service Provision

This subgroup focused on the benefits of service provision for tenants, private landlords, and housing agencies as well as potential funding models for sustainable service provision.

Services help tenants stay housed, support tenant economic mobility, thereby reducing turnover and risks and costs of eviction and homelessness to both the resident and the public sector. Services can substantially reduce the cost of housing provision to both private landlords and the public sector.

The time spent fundraising and administering several small grants could be better used for direct service provision.

Nonprofit housing providers must fundraise annually for service provision and funds are very competitive and require significant administrative resources. The structure and delivery of service provision is in place; a dedicated source of funding is the missing piece.

Recommendations

- **DOH and partners to research, define, and advocate for a long term dedicated source of funding for supportive services. This would include:**
 - Working with partners to define critical needs—e.g., health and mental health/addiction treatment, case management, telehealth, afterschool programming, etc.;
 - Consider changing underwriting of projects with a supportive services component to “above the line” in the long term project operating budget, allowing for more initial development subsidy;
 - Defining level of service, measures of success, and monitoring protocol;
 - Exploring how the state’s Medicaid program can be expanded to cover supportive services, drawing on best practices from other states and supporting such an expansion; and
 - Considering other sources of ongoing and stable revenue.
- **DOH to consider funding for supportive services to nonprofit partners who provide supportive services to residents in privately owned NOAH and nonprofit owned assisted housing.**

Rehabilitation and Homeownership

This SHWG subgroup convened to examine solutions for addressing housing condition challenges, including preserving mobile homes and manufactured housing stock as an affordable housing option, and facilitating homeownership among low and moderate income renters.

- **Rehabilitation.** The subgroup identified the following challenges with DOHs home rehabilitation program: AMI ceilings are too low in high-cost/rural resort areas ; mobile home communities need repairs; dollar amount caps per unit are too low; and grants are preferred to loans.
- **Homeownership.** The SHWG subgroup identified the following areas for improvement in homeownership programs: the AMI ceiling is too low for the current market; downpayment assistance is too low for many would-be buyers; deferred loans for downpayment assistance impact mortgage qualification; loan to value limits are prohibitive in some markets; and the appraisal gap is high.

Recommendations

Rehabilitation programs.

- **DOH should allow higher AMI levels for households receiving rehabilitation assistance, up to 120 percent of AMI (v. the 80% cap currently). This could include**

income averaging to allow a broader range of households to receive assistance.

- **DOH should raise the caps on per unit assistance to better reflect rehabilitation needs, which can be as high as \$60,000 per unit.**
- **DOH should allow rehabilitation programs to cover mobile and manufactured homes not on permanent foundations and special assessments of low to moderate income condominium owners.**
- **DOH should provide grants as well as rehabilitation loans after analyzing the rehabilitation program's loan to value v. rehabilitation needs and adjust requirements as needed.**
- **DOH should explore a pilot rehabilitation program for small landlords**

Homeownership programs.

- **DOH should allow higher AMI levels for homeownership programs, up to 150 percent of AMI (v. the 120% cap currently).**
- **DOH should evaluate how current loan to value requirements, differences between**

construction costs of ownership products and needs, and how loans v. grants impact the ability of renters to attain ownership, by geographic area and AMI level.

- DOH should evaluate the potential to remove the qualified mortgage (QM) requirements and allow more flexibility in homeownership programs.
- The SHWG recommends continued advocacy for construction defect solutions to increase the supply of affordable ownership products through condominium development.

IDEA AREA RESEARCH & RECOMMENDATIONS.

SUPPORTING APPENDIX

Accessibility and Universal Design

The Accessibility and Universal Design subgroup considered program and policy changes to increase the supply of affordable housing units that are:

- Fully accessible for persons with disabilities; or
- Have design features that make them visitable by persons with disabilities and can be adapted to full accessibility.

The subgroup was comprised of:

- Anaya Robinson, Associate Director, Atlantis Community, Incorporated, which advocates for all people with disabilities to be a meaningful part of an integrated community of their choice.
- Brendalee Connors, Chief Real Estate Officer, Metro West Housing Solutions—a nonprofit housing developer and housing authority serving the Lakewood community.

Statement of need. Colorado is home to approximately 500,000¹ residents with a disability, predominantly physical disabilities. Partially due to outdoor recreation activity and the potential for injury, the state ranks high for traumatic brain injuries (TBI).² Many residents living with disabilities, including TBI, require accessible housing to maintain their independence and physical and mental health, and to thrive.

Colorado's housing stock falls considerably short of meeting the needs of disabled residents:

- Resident surveys suggest that **at least one-quarter of Front Range households with a member with a disability live in housing that does not meet their accessibility needs.**³
- **Nearly 60 percent of Colorado's housing stock was built before accessibility requirements were put in place under the Fair Housing Act in 1991.**⁴
- In Denver, only **0.01% of rental units and 0.05% of owner occupied units are wheelchair accessible.**⁵

¹ 2019 5-year ACS

² Traumatic Brain Injury National Data Center

³ Root Policy Research

⁴ 2019 5-year ACS

⁵ Accessibility of America's Housing Stock: Analysis of the 2011 American Housing Survey, HUD.

With demand for accessible units in the state vastly outpacing the supply, accessibility improvements and home modifications are acutely needed.

Accessibility requirements in housing. Newly developed affordable housing is required to make 5 percent of units accessible. Newly developed market rate housing is required to make 2 percent accessible.

There are two types of accessible units.

- **Type A is fully accessible.** This includes access to site and common areas; access to units; wheelchair accessible kitchens; bathrooms, doors, closets; and accessible appliances in a range of unit types.
- **Type B is adaptable.** This includes access to site and common areas; access to units on the ground floor if there is no elevator or to all units if there is an elevator; use of at least one bathroom in the type B units.

More details on these requirements can be found on the [Americans with Disabilities Act website](#).

Retrofitting costs and challenges. In Colorado's older cities and town, it is challenging to retrofit units to make them accessible. For example, in Denver, only 28 percent of rental units and 18 percent of owner occupied units could be modified to reach higher levels of accessibility.⁶

The Colorado Division of Housing (DOH) makes grants to households to add accessibility improvements to existing units. In 2020,

- 557 households received DOH grants for modifications;
- The cost of those modifications averaged \$9,940 per improvement; and
- Total funding for accessibility modifications was \$5.5 million.
- Conversely, constructing fully accessible units as part of new construction adds approximately \$5,000 in cost per unit.

As such, it is more cost effective to construct accessible units new compared to retrofitting existing units. Retrofitting can be more cost effective if newly constructed units and buildings are designed to be more easily modified in the future. Making the structural changes to accessibility can be cost-prohibitive or even impossible to fully meet in older housing stock.

⁶ Accessibility of America's Housing Stock: Analysis of the 2011 American Housing Survey, HUD.

The most common types of home modifications include showers, no barrier entries, grab bars, lowering storage spaces, and widening doorways.

Building accessibility features into new housing—compared to adding features later—is \$5,000 less expensive per unit.

Proposed solutions. The Accessibility and Universal Design subgroup proposed three solutions for increasing the supply of accessible and affordable housing in Colorado.

- **DOH increase funding by \$3,000 per unit for each accessible unit built in affordable developments.**
- **DOH increase funding by \$5,000 per unit for each accessible unit built in affordable developments**—up to 20 percent of total units built.
- **DOH to use grants or incentives to create a Type B+ accessibility option.**
The B+ option would include features that allow limited-mobility residents to access residential units without modifications and have one fully accessible bathroom.

Recommendations. SHWG members were unanimously supportive of the proposals to increase accessibility options. They agreed to the following solutions:

- **DOH to increase funding by \$5,000 per unit for each accessible unit built in affordable developments.** This increase should be re-evaluated every 3 years and raise as needed to reflect current construction costs.
- **DOH to use grants or incentives to create a Type B+ accessibility option.**
The B+ option would include features that allow limited-mobility residents to access units without modifications and have one fully accessible bathroom. This would not be a mandate, but an incentive, and would also apply to retrofitted units.

“This is a good setup to align resources policy and goals. Only 1% of inventory currently has this. If you put this carrot out for developers, this will get some buy-in from developers because of this incentive.” –SHWG member

“This is a fantastic incentive to create additional accessible units. I’m in favor of not putting a cap on the share of units that can receive the subsidy because some communities may really need those units...for example, in a smaller community. I’m in favor of not having a unit cap to encourage more accessible units.” –SHWG member

History of disability advocacy in Colorado. Atlantis, the lost city, is and always has aimed to be a place where people with disabilities could establish their independence with community support. Early in 1974, a group of concerned people with disabilities along with their non-disabled allies, began educating themselves to the plight of young adults with disabilities. They found that the majority (some as young as twelve) who were living in nursing homes were virtually trapped in a stagnant and paternalistic prison where civil rights were blatantly violated, medical care was poor and impersonal, and individual initiative and self-direction were aggressively discouraged. The group led to the formation of Atlantis—and began seeking and advocating for better housing alternatives for residents with disabilities.

The first attempt, kick started by the Reverend Wade Blank, was to create a special youth program in a nursing home with a mission to provide normalizing educational and social experiences. The program was mostly successful in terms of individual liberation, but it soon became apparent that the humanistic goals of the Atlantis group were in direct conflict with the philosophy of the profit-based nursing home industry.

It was then that the Atlantis Early Action Project was conceived, in 1975. **The goals were to allow every individual with disabilities, regardless of the extent of their disability, the same rights and responsibilities of their non-disabled peers.**

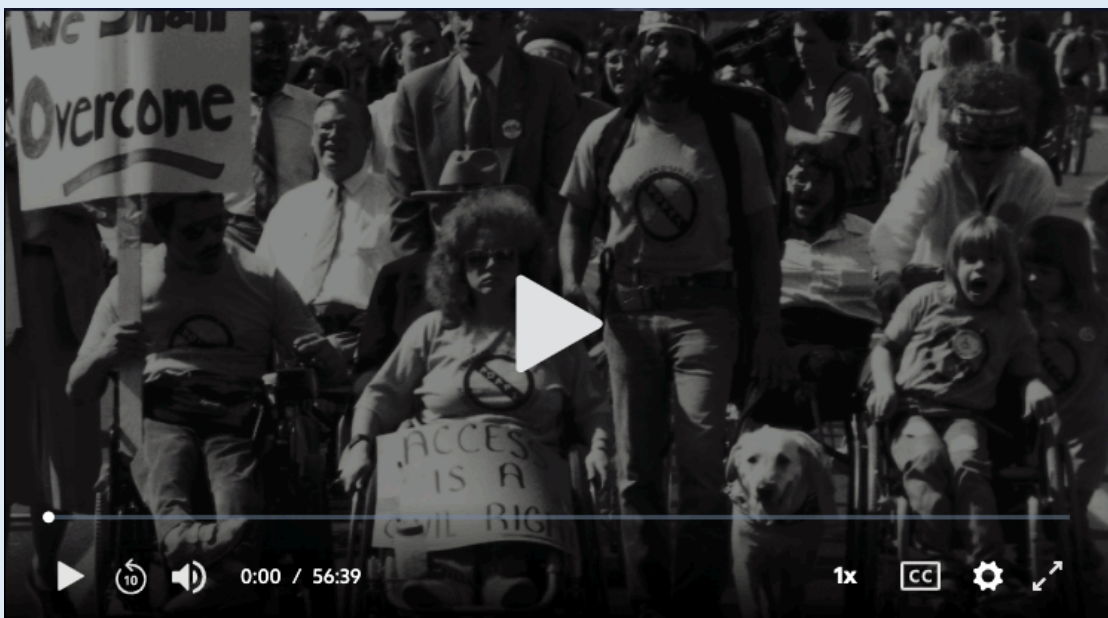
These rights include the freedom to choose a lifestyle and fulfill personal goals in education, employment, and personal growth. Atlantis also sought to facilitate freedom from a punitive institutional system that stigmatizes people with disabilities and segregates us from the mainstream of society.

Public housing units were leased from the Denver Housing Authority in the Las Casitas Development. Funds from the Colorado Division of Vocational Rehabilitation were secured to renovate the apartments and make them accessible to wheelchairs. In June, the first eight residents moved in; all were former patients in nursing homes eager for the opportunity to make lives for themselves in the community.

At that time, many people with disabilities were denied the right to an adequate education or meaningful employment. Many were sent to non-accredited, segregated “special” schools, or to sheltered workshops where they were paid five cents per hour to count fishhooks or untangle old phone cords. Nursing home residents were often provided with no meaningful activities. Atlantis sought to assist the individual in fulfilling whatever goals they outlined for themselves. And while Atlantis has seen many different programs, grants and staff members come and go over the years, this core principle has always stayed the same.

Atlanta is also the home of the Gang of 19 and ADAPT. The work of these powerful activists has moved Denver to the forefront of disability rights history. Hard fought protest saw wins that included accessible public transit, increased numbers of curb cuts to make city streets accessible, the passage of the ADA, adoption of Money Follows the Person grant programs across the country, the preservation of the Affordable Care Act in the summer of 2017—and so much more!

Because of Atlanta, the Gang of 19, and ADAPT, Colorado has a rich history of being at the forefront of integration and accessibility in the disability rights movement. <https://www.pbs.org/video/the-gang-of-19-ada-movement-hxrjxw/>.



Capital and Capacity

The Capital and Capacity subgroup was led by Steven Cordova, Executive Director, Total Concept—a non-profit housing and community development corporation in Fowler, Colorado providing services in southeastern Colorado covering Chaffee County to the Kansas border and to the New Mexico border. DOH project manager, Andrew Paredes, lent support.

The SHWG determined that capital and capacity challenges broadly fall into two areas:

- Challenges associated with the scale of small housing providers (“small agencies”); and
- Challenges associated with the unique markets in Colorado’s rural and rural resort areas (“rural communities”).

Statement of Need

Small agencies. Local and small housing agencies (e.g., nonprofits, local governments, and public housing authorities) struggle in their efforts to scale and compete. Small agencies suffer from a systemic lack of access to resources, and the combination of organizations operating in rural locations compounds the difficulty to build capacity and access capital.

This has the domino effect that local small housing agencies are unable to develop in areas of the state that are in fact the areas most in need of development, especially for economic purposes. As the agency is unable to develop real estate its capacity diminishes, further reducing the potential for community development. Both the agency capacity and the access to capital are paramount hurdles to overcome in addressing housing needs.

Many existing programs, funding formulas, program designs, and implementation decisions are crafted in ways that do not work for smaller housing agencies.

The **core challenges** for local and small agency housing developers and providers include:

Money capital.

- Balance sheet strength—small housing agencies face the tension between needing to spend down cash and showing balance sheet strength. Housing agencies need to be able to become whole when they are required to spend down resources.
- Scale and flexibility—housing agencies operating in larger markets can raise and retain capital through developments of scale. In rural areas, a 15-20 project is all that is needed to make a big impact in a market—yet this type of activity does not generate the capital needed to help stabilize the cyclical nature of development in rural areas. It would be

very beneficial to allow developers to utilize DOH money to apply towards the developer fee; right now, other sources are required.

Human capital.

- Staffing— It is very challenging to recruit qualified staff; turnover is high. In some areas, this is due to the geographic isolation; in others, it is due to housing costs that far exceed what workforce can afford.
- Grant writing— The onerous nature of applications and time spent to write grants is large relative to the benefit, particularly when it can take months to receive funds.

In sum, small housing agencies working in Colorado need administrative relief. They are held to the same standards and regulatory structures as larger housing agencies—yet have much lower capacity due to limited staffing and the multiple hats that staff must wear.

Rural communities. Many existing programs, funding formulas, program designs, and implementation decisions are crafted in ways that do not work in rural places that face low-population density, limited institutional capacity, very high development costs associated with geographic isolation and short construction seasons, and, in some regions, persistent poverty.

In non-resort rural areas,

- Very few local resources exist to support housing programs, and these communities are too small to qualify for direct federal funding allocations. This results in a disproportionate need for state subsidies.
- High quality sites are challenging to find. The most affordable sites lack infrastructure, which is costly to extend and for which resources are lacking.
- The inability to attract and retain talented workforce constrains organizational capacity.

In rural resort areas,

- Housing costs increase much faster than the rate at which programs can respond.
- Ceilings on qualifying area median incomes (AMI) are too low and out of alignment with the households who need assistance. In a non-resort area, the private market provides affordable homes for moderate AMI levels (80-120%); in resort areas, the private market caters to a much higher income segment. This results in a catch 22 for workforce: Moderate income households in resort areas have incomes that are too low income to participate in the private market yet too high income to be eligible for assisted housing.

These challenges have been exacerbated in the past year with the rapid and continuous increase in housing costs in communities across Colorado.

To better understand the differences in need among Colorado’s unique geographic areas, housing needs data were collected for three distinct geographic groupings: Colorado counties that are part of urban/metro areas, Colorado counties that are non-resort rural, and Colorado counties that are rural resort. These groupings are imperfect, as some counties may have characteristics of more than one groups. Overall, however, these groupings present the dominant economic and housing cost forces of each.

Classification of Urban, Rural, and Rural Resort Communities in Colorado

To illustrate the unique needs in rural and rural resort areas of Colorado, the 64 counties were designated urban, rural, or rural resort. These designations were assigned as follows:

Urban

- Adams County
- Arapahoe County
- Boulder County
- Broomfield County
- Denver County
- Douglas County
- El Paso County
- Jefferson County
- Larimer County
- Mesa County
- Pueblo County
- Teller County
- Weld County

Rural

- Alamosa County
- Baca County
- Bent County
- Cheyenne County
- Clear Creek County
- Conejos County
- Costilla County
- Crowley County

- Custer County
- Delta County
- Dolores County
- Elbert County
- Fremont County
- Garfield County
- Gilpin County
- Hinsdale County
- Huerfano County
- Jackson County
- Kiowa County
- Kit Carson County
- Lake County
- Las Animas County
- Lincoln County
- Logan County
- Mineral County
- Moffat County
- Montezuma County
- Montrose County
- Morgan County
- Otero County
- Park County

- Phillips County
- Prowers County
- Rio Blanco County
- Rio Grande County
- Saguache County
- Sedgwick County
- Washington County
- Yuma County

Rural Resort

- Archuleta County
- Chaffee County
- Eagle County
- Grand County
- Gunnison County
- La Plata County
- Ouray County
- Pitkin County
- Routt County
- San Juan County
- San Miguel County
- Summit County

The latest statewide, uniform set of data on housing needs is from 2019. At that point, 65 percent of households in urban areas and 71 percent of households in rural areas could afford to purchase the median priced home. In rural resort areas, this was only 46 percent. This includes all households—both renters who want to buy and owners who want to

move. For renters only, nearly half of renter households can afford the median priced home in urban areas compared to 55 percent in rural areas and only 28 percent in rural resort counties. It is important to note that while non-resort rural counties are relatively affordable, the challenges are more closely tied to the condition and availability of housing.

Non-resort rural counties housing stock is typically much older, challenged with environmental issues (such as asbestos), and consists of smaller 2-bedroom one bath units that are not desirable for modern family living. The reason non-resort rural homes are more affordable is due to the deflated and generally decreasing value of a home (rather than appreciating values experienced elsewhere).

Households that can Afford to Purchase the Median Priced Home

Source:

2019 5-year ACS

	Urban Counties	Rural Counties	Rural Resort Counties
Percent of all households	65%	71%	46%
Percent of renter households	46%	55%	28%

Cost burden is another uniform measure of housing needs. Households are considered cost burdened if they spend more than 30 percent of their income on housing—including utilities. Cost burdened households have less money for other necessities like healthcare, childcare, transportation, and groceries—and investments in local economies.

Cost burden is typically highest for lower income households, as shown in the table below. Yet the cost burden for higher income households—\$75,000 or more—is nearly double in rural resorts compared to urban counties, indicating a need for greater assistance for higher AMI households in rural resort counties. Since 2010, the proportion of households experiencing cost burden has increased for low and moderate income households and decreased for households earning \$75,000 or more. Moderate income households in urban areas—earning between \$35,000 and \$49,999—saw the largest proportional increase in cost burden from 2010 to 2019 at 12 percentage points.

Percent of Households Cost Burdened by Income Range, 2010-2019

	Urban Counties			Rural Counties			Rural Resort Counties		
	2010	2019	2010-2019 change	2010	2019	2010-2019 change	2010	2019	2010-2019 change
Less than \$20,000	86%	87%	1%	72%	76%	5%	82%	86%	4%
\$20,000 to \$34,999	66%	75%	9%	42%	47%	4%	64%	66%	2%
\$35,000 to \$49,999	46%	58%	12%	29%	31%	1%	48%	52%	4%
\$50,000 to \$74,999	31%	35%	4%	21%	16%	-5%	33%	36%	3%
\$75,000 or more	10%	7%	-3%	9%	5%	-3%	16%	12%	-4%

Source: 2019 5-year ACS.

The table below shows the share of rental and for sale units affordable to middle income households—earning between \$35,000 and \$75,000—in 2010 and 2019 and for urban, rural, and rural resort market areas. In urban counties, rental availability has increased as a result of new construction and an upwards shift in rents of units that once served lower income households. Overall, the share of rental units available for middle income households is lower in rural and rural resort counties compared to urban areas. Additionally, the share of rental units available for this group has not increased considerably in rural resort counties compared to 14 percentage point increase in urban counties and 10 percentage point increase in rural counties since 2010.

The share of units for sale that are affordable to this group shows similar variance between market areas. However, affordability is decreasing for middle income households in urban and rural resort counties. Compared to urban areas, there is a smaller proportion of units for sale affordable to this group of potential buyers in rural and rural resort counties.

Share of Units Affordable to Middle Income Households, 2010-2019

	Urban Counties			Rural Counties			Rural Resort Counties		
	2010	2019	2010-2019 change	2010	2019	2010-2019 change	2010	2019	2010-2019 change
Share of rental units affordable to households earning \$35,000-\$75,000	41%	55%	14%	23%	34%	10%	46%	48%	2%
Share of for sale units affordable to households earning \$35,000-\$75,000	46%	44%	-2%	29%	34%	5%	33%	30%	-3%

Source: 2019 5-year ACS.

SHWG members expressed concern about the higher relative construction costs in the state's rural and rural resort areas. The table below shows the average construction cost per unit for DOH awarded projects in 2020 and to date in 2021 for metro area and non-metro area projects. Although the average costs are lower in non-metro areas, the need for gap financing and soft funding is much greater because non-metro areas have fewer sources of matched or leveraged funding—and obtaining additional funding is often time consuming and inefficient. This results in a larger reliance and need for state funding in non-metro areas.

As shown below, in 2020 and 2021, the average award per unit in non-metro areas was 86 percent higher than in metro areas.

DOH Average Project Awards and Costs, FY 2020-2021

Source:

Colorado Department of Local Affairs,
Division of Housing.

	Average Cost per Unit	Average Award per Unit
Metro area projects	\$323,946	\$11,340
Non-metro area projects	\$229,707 ▼ -29%	\$21,109 ▲ 86%

A recent Brookings analysis of federally-funded rural development programs shows that rural communities must seek to access funding from more than 400 programs administered by 13 departments, 10 independent agencies and regional commissions, and over 50 offices and sub-agencies.

Recommendations

Small agencies. The SHWG considered a myriad of solutions to address capital and capacity challenges. Those with the highest level of support included:

- **DOH to provide multi-year awards to small housing agencies, including local governments, public housing authorities, and nonprofits.**
- **DOH to develop a flexible funding source to help build balance sheet strength for small agencies.** This could include small local housing authorities, local governments, and nonprofit partnerships. Funds could cover pre-development costs.
- **DOH to provide a pool of on-call consultants and potential funding to help small housing agencies.** Consultants would need to be well versed in the unique challenges small housing agencies face and a proven history of working for small housing agencies.

Rural communities. The SHWG considered a myriad of solutions to address capital and capacity challenges in rural areas. Those with the highest level of support included:

- **DOH to examine ways to “right size” requirements for rural areas.**
 - Consider environmental clearance, per-unit caps, project delivery ranges, and lower match requirements.
 - Consider higher subsidies for non-LIHTC projects, and perhaps higher income limits if appropriate.

- DOH to increase per unit funding guidelines to meet the development funding gap for non-metro projects.
- DOH to increase household AMI caps in rural resort counties to align with workforce housing needs.

Rental Assistance Programs

The Rental Assistance program subgroup was comprised of:

- Anaya Robinson, Associate Director, Atlantis Community, Incorporated, which advocates for all people with disabilities to be a meaningful part of an integrated community of their choice.
- Beatriz Gonzalez, Vice President, Community Lending and Diverse Markets Business Development Officer, Bank of the West—a regional financial services firm with branches throughout the Western and Midwestern U.S.
- Beth Roalstad, Executive Director, Homeward Pikes Peak, which provides individuals and families supportive housing and recovery services to permanently exit homelessness.
- Jennifer Kermode, Executive Director, Gunnison Valley Regional Housing Authority, which advocates, promotes, and provides long-term affordable housing to low and moderate income households in the Gunnison Valley.

Background on tenant assistance programs. This SHWG subgroup focused on solutions to increase the effectiveness of rental assistance programs for both the tenant and landlord.

Tenant challenges. The federally-funded (and state- and locally-administered) Housing Choice Voucher (Section 8) program aims to broaden choices for tenants, mitigating the segregation and isolation from areas of opportunity that plagued early public housing developments. Federal funding for the Housing Choice Voucher program has been decreasing for decades, even as rents have increased in much of the U.S., making it harder for tenants to find units outside of high poverty areas.

As federal support of vouchers has declined, states and localities have developed their own tenant-based rental assistance programs. These programs grew during the COVID-19 pandemic.

The reasons that tenants find rental assistance challenging to use are many, ranging from:

- Most landlords require the first and last month's rent on top of a security deposit before lease signing, which can cost upwards of \$3,000;
- Administrative and documentation barriers in the application process;
- Many low and moderate income households (LMI) are not financially able to compete in the current housing market, resulting in increased barriers to engaging stable housing and perpetuating the cycle of housing need;

- LMI renter households compete for available rentals with those with greater financial fitness; this reduces likelihood of finding suitable property to rent;
- Landlords have tightened their credit rating screening and increased application fees that diminish access to units that are available to LMI households using vouchers.
- Landlords are less likely to participate in the program and market rents are typically higher than the Fair Market Rents (FMRs) that HUD allows; and
- Tenants with relatively higher incomes can face a “benefit cliff” and may not be able to take advantage of higher-paying employment opportunities because loss of their rental assistance would lead to loss of housing due to the “giant chasm” between income needed for market rent and what it takes to qualify for a voucher.

Disproportionate needs. Certain resident groups are more likely to need tenant-based rental assistance to afford rent because of their lower incomes. These residents commonly include persons of color, persons with disabilities, and single parent households. When landlords refuse to accept such assistance, this can have a disproportionate impact on these groups, and increase inequities in housing choice.

Source of income discrimination. To increase the supply of units that accept tenant-based rental assistance—and address the disparate impact that denying voucher holders has on certain residents— Colorado legislators passed HB20-1332 in 2020 to prohibit discrimination based on a renter’s source of income, including vouchers/tenant-based rental assistance.

"Source of income" is defined to include any source of money paid directly, indirectly, or on behalf of a person, including income from any lawful profession or from any government or private assistance, grant, or loan program. The restrictions do not apply to a landlord with three or fewer rental units or a landlord who owns five or fewer single family rental homes, and no more than five total rental units including any single family rental homes.

Implementation of the state’s new Source of Income protections has revealed a loophole for landlords: Some landlords who require that income be 3x the monthly rental payment apply this to the full contract rent—not the tenant portion, which accounts for rental assistance. By definition, this application excludes tenants who need rental assistance to make the full amount of contract rent.

Example: A low income renter with a rental assistance voucher who is working full time @ \$15/hour makes \$2,600/month. With the voucher, they are obligated to cover \$865 of the rent, but the full contract rent is \$1,200. The landlord requires them to make 3x the full contract rent—or \$3,600—so their income is \$1,000 too short to be approved for the unit. They would qualify if only their tenant portion is considered.

The Colorado Center for Law and Policy (CCLP) views the refusal to count rental assistance toward the 3x threshold a circumvention of the state Source of Income law. This could likely be addressed through a Colorado Civil Rights Division directive or rule change.

Providers' needs. Tenant-based rental assistance is administered by the public sector, often in partnership with housing authorities and nonprofits/small agencies.

Housing providers who issue vouchers receive very limited funding for administrative costs of the program. These costs have risen as it becomes more difficult for renters to find affordable units. Providers are not paid during the housing search process—they are only paid once tenant finds a unit. As the search process has become longer, providers are experiencing larger loss in rental assistance administration. By way of example,

Atlantis carries a \$90,000 annual loss over what reimbursed from DOH to administer rental assistance programs.

Gunnison Valley Housing Authority stopped administering vouchers after calculating a \$40,000 annual loss. The program is not sustainable for smaller housing authorities who have fewer other funds to offset this loss.

Solutions. Over several meetings, the SHWG explored many solutions to improve rental assistance programs. Considerations included:

- Funding that incentivizes landlords to keep units in long-term rental status and keep units affordable through a localized master lease program. Assistance from DOH would be provided in the form of assurance to a landlord for payment of last month's rent and security deposits. Participating landlords would be required to accept rental assistance, offer reasonable rents, carry a one-year lease, keep their property in good condition, and offer a transparent and friendly rental application.
- Provide local housing agencies with matching financial support to develop, implement, and administer a localized master lease program.

Benefits of this program would include:

- Incentivizes landlords to rent to households that have experienced barriers to accessing adequate housing including Section 8 voucher holders.
- Incentivizes landlords to convert short-term-rental (STR) housing units into long-term-rental units (LTR).

- Provide access to an educational class for tenants receiving rental assistance to improve the landlord tenant relationship and mitigate conflict.
- Flexible funding to manage voucher administration and to work with local property management/owners to address the following barriers to housing:
 - Stringent policies on criminal background checks and credit history;
 - Requesting and implementing reasonable accommodations for persons with disabilities; and
- Funding to bridge the gap between payment standards—what HUD will reimburse for vouchers—and market rents.
- Direct cash assistance to tenants, drawing on the proven practice of small cash grants to families/individuals to use on the self-identified barrier to lift a family out of a crisis or poverty. Common examples include: auto repair, repaying a debt, purchasing equipment for work, purchasing a computer.

Recommendations. The SHWG agreed on the following recommendations to increase the effectiveness of rental assistance programs:

- **Colorado Civil Rights Division (CCRD) to clarify treatment of “3x the rent in income” requirements in source of income protections.**
- **DOH to provide a fund that acts as a ‘backstop account’ for local housing agencies to implement and administer a localized master lease program.** This funding would incentive landlords to keep units in long-term rental status and keep units affordable through a localized master lease program. Assistance from DOH would be provided in the form of assurance to a landlord for payment of last month’s rent and security deposits. Participating landlords would be required to accept rental assistance, offer reasonable rents, carry a one-year lease, keep their property in good condition, and offer a transparent and friendly rental application. Local housing agencies with matching financial support would develop, implement, and administer a localized master lease program.
- **DOH to explore a program that will bridge the rental assistance gap for voucher holders whose rental options will not meet the rental rate.** Rental assistance gap could be in place until it is not needed because of increased payment standards.
- **DOH to explore funding to cover the front-end staff work borne by administering agencies required to find voucher holders affordable rental units that meet their needs.** DOH has recently increased its reimbursement rate for organizations that administer vouchers to \$43.40 per voucher per month, from \$38.66 per voucher per month. SHWG members acknowledge that

this is the largest increase in the reimbursement rate in some time; the increase is welcome. However, funding is still needed to cover housing navigation—the front end costs of getting low income voucher holders into units—especially those who require special accommodations.

Preserving and Incentivizing Naturally Occurring Affordable Housing (NOAH)

This subgroup focused on preserving and mitigating the loss of Naturally Occurring Affordable Housing, or NOAH, typically provided by private developers.

The NOAH subgroup was comprised of:

- Darren Everett, Principal and President, BLDG Management—a real estate investment firm that provides private and NOAH rentals in Metro Denver
- Jennie Rodgers, Vice President Denver Market, Enterprise Community Partners—a national nonprofit that addresses affordable housing crisis from multiple angles
- Kelly McNicholas Kury, County Commissioner, Pitkin County

Statement of need. The national housing supply remains constrained by years of historically low production levels. Over time, residential construction should exceed household growth to allow a margin for replacement of older units, demand for second homes, population shifts, and normal vacancy levels. However, housing production barely kept pace with household growth for most of the past decade. About 100 new units were added to the housing stock for every 100 new households formed in 2010–2018, compared with 146 units for every 100 households added on average in the 1990s–2000s. High land prices, labor shortages, and restrictive land use policies limit development of moderately priced housing in the units that are produced.⁷

NOAH refers to privately-provided units that are affordable to low and moderate income households without rent restrictions. NOAH is a significant source of affordable housing in most communities; publicly-subsidized housing provides a relatively small share of affordable housing.⁸

NOAH developments are generally older, have few amenities, may be located on busier streets—and by their very nature, are more affordable. This category often consists of small to medium-sized multifamily (SMMF) apartments (less than 50 units). Mobile home parks are also NOAH opportunities and constitute 4 percent of Colorado’s housing stock, often serving households below 30 percent Area Median Income (AMI). Much of NOAH is owned by smaller landlords and takes the form of single family detached and attached

⁷ Colorado Housing Preservation Network.

⁸ Colorado Housing Preservation Network.

homes: an estimated 70 percent of apartments in the Denver Metro area are owned by small landlords.⁹

The Colorado Housing and Finance Authority (CHFA) maintains a preservation database of subsidized housing in the state to better target strategies for preservation of these important community assets. Statewide, there are 1,400 properties with 77,000 affordable units that have received or currently receive some sort of subsidy to maintain affordability. In the next 10 years, across Colorado, over 380 subsidized properties with approximately 15,000 affordable units with an affordability restriction will lose that restriction.

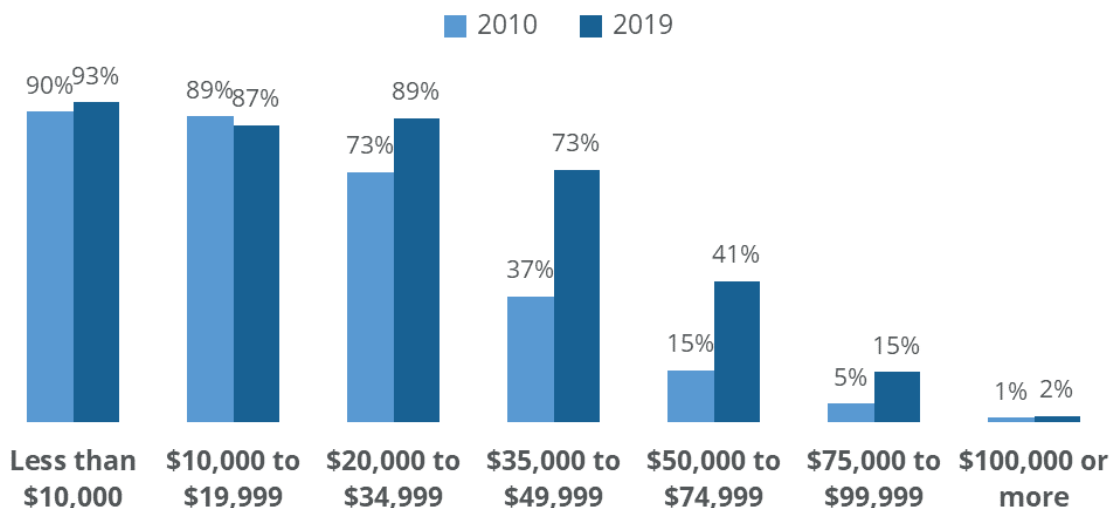
Preservation has values beyond economic efficiency: preserving affordable housing mitigates displacement, promotes housing stability, and furthers the community culture created by long term tenants.

Loss of (or risk of loss of) NOAH. The inventory of NOAH has been decreasing as units are purchased by investors, redeveloped and amenitized, and rented at non-affordable rates. Single family detached NOAH—commonly acquired during the Great Recession—has been sold as the homeownership market has strengthened. Many NOAH owners do not have the resources to keep up their properties without raising rents. These forces cause displacement of the families occupying NOAH. New production of affordable units cannot keep up with the loss of NOAH, resulting in a net loss of affordable units.

The loss of NOAH has increased significantly in Colorado during the past 3 years. **Statewide, as of 2019, there were 86,000 fewer units with rents of less than \$1,000 per month than in 2016.** This loss of NOAH has contributed to the rise in housing cost burden among low to moderate income households in Colorado, as shown in the figure below.

⁹ Metro Denver Apartment Association estimate.

Colorado Renters paying more than 30% of Gross Income in Housing, 2010 v. 2019



Source: Root Policy Research, 2010 and 2019 ACS.

Economics of preservation. Economically, it is more efficient and less costly to preserve NOAH rather than build new units. Preserving units also reduces tenant turnover, thereby lowering landlords' operational costs and keeping rents more affordable.

Compared to new development, preservation can be one-half to two-thirds less expensive than constructing a new building.

In markets with increasing rents, NOAH becomes very attractive to investors, as demonstrated in the case studies below. The financing tools available to assist private or nonprofit partners to acquire NOAH are very limited. The Government Sponsored Entities (GSEs) Fannie Mae and Freddie Mac provide approximately 90 percent of multifamily lending, and their tools are not always flexible enough respond to the NOAH acquisition opportunities. These tools are also unavailable to smaller landlords and do not work well for smaller properties—those with 75 units or under.

For mission-oriented buyers to act quickly in a competitive market, NOAH acquisition financing needs to be:

- A nimble, flexible fast-acting capital resource
- Have flexible loan terms
- Provide concessionary capital—e.g., low cost second mortgages and equity
- Include funding to cover basic renovation costs

Subgroup members presented two case studies to demonstrate the need for a new source of NOAH funding:

- 1) The first case study was a property developed by a private developer with a unique deed restriction provision. It provides a good example of how affordable units can be lost due to expiring deed restrictions and property sales—and the challenges faced by the public sector in attempting to intervene.
- 2) The second case study provides an example of the vulnerability of privately-provided Naturally Occurring Affordable Housing (NOAH) in property sales.

Both case studies highlight the need for new tools to preserve affordable housing, whether deed-restricted or NOAH, or mixed-income.



Case Study: Centennial Apartments Aspen

Centennial Apartments is a well known workforce housing development of 148 unit residential apartments in Aspen, Colorado. The development was built in the 1980s by a private developer who at the time agreed to restrict rents to below market rate, based on housing authority income qualification standards.¹⁰

The owner/developer decided to market the property for sale in 2019. He initially offered to sell the property to the City of Aspen for \$50 million. The city estimated that it would cost \$85 million to replace the affordable units and offered to contribute \$10 million toward the sale in order to retain the deed restriction for reduced rental rates in perpetuity. The seller refused the offer, as their main buyer would not agree to the terms for fear of being able to finance the project with restricted rents.

The complex was ultimately sold to Birge & Held, a national private equity, real estate investment, construction and management firm with offices in Denver and Indianapolis for \$51 million. The deed restrictions currently remain in place. At expiration of the deed restrictions, land use code requirements would likely determine how much of the current affordable housing would be retained via mitigation requirements. Over 500 affordable housing units of 3,100 in the local inventory are subject to similar deed restriction sunset clauses in the coming decades.

¹⁰ This property has a very unusual sunset provision: it is tied to the death of all members of the Pitkin County Board of Commissioners who approved the development at the time. This provision is a form of the rule against perpetuities which originated in England in the 17th Century and prevents legal instruments from exerting control over the ownership of private property beyond the lives of the people living at the time the instrument is written.



Case Study: Lex at Lowry Apartments

Lex at Lowry is a 710-unit market rate rental community in Denver that was on the market in spring 2021. Built in the 1970's, Lex at Lowry is one of the only large NOAH communities in the immediate submarket area, as most of the rental supply is comprised of new construction in and around the Lowry neighborhood redevelopment. The high opportunity neighborhoods that abut Lex at Lowry offer high performing schools; parks, trails and recreation centers; healthy food access; and close proximity to employment centers. Lex at Lowry offers a mix of unit sizes among apartment towers and townhomes.

Broker guidance for a likely sale price was \$195 million to \$200 million; the property sold for approximately \$202 million. To make this purchase price work, most buyers will pursue a unit renovation strategy that will raise rents \$100 to \$150 per month from in-place rents today—potentially displacing some tenants.

Unit Mix Summary

Unit Type	Total Units	Unit Size (SF)	Market Rent (Jan 2021)	Market Rent/SF	In-place Rent (Jan 2021)	In-place Rent/SF
1 Bed	418	921	\$1,556	\$1.69	\$1,350	\$1.47
2 Bed	224	1,390	\$2,021	\$1.45	\$1,761	\$1.27
3 Bed	68	1,763	\$2,339	\$1.33	\$2,187	\$1.24
Total	710	816,261	\$1,262,423	-	\$1,030,061	-
Average	-	1,150	\$1,778	\$1.55	\$1,561	\$1.36

A mission-driven developer looking to competitively acquire this property—to preserve 30 percent of existing units renting at 60 percent AMI and avoid displacing current tenants—would need at least \$5 million in affordable housing financing or equity as shown below. The tools explored to address this gap included a property tax reduction through a partnership with the Colorado Housing Finance Authority and low cost capital in the form of a 1 percent interest only loan with a second position to support a primary loan from GSEs.

Reducing the overall equity requirement from a mission-driven developer, allows for them to preserve (or reduce) rents to meet the 60% AMI threshold while still offering attractive investment returns. In this case study, 213 units (30% of total) would be rent capped at the 60% AMI threshold which could be for a period of 10-years.

Project Capitalization				
Sources		Market Rate	30% Units at 60% AMI	Variance
Equity	\$	52,602,350	\$ 47,277,350	\$ (5,325,000)
Debt		146,250,000	146,250,000	-
Affordable Housing Financing		-	5,325,000	5,325,000
Total Sources	\$	198,852,350	\$ 198,852,350	\$ -

Solutions. The NOAH subgroup explored solutions for both mission-driven private developers and property managers and nonprofit developers and property managers. The initial ideas included:

- **DOH/CHFA to act as Housing Authority in order to create a property tax reduction program for NOAH developers who agree to keep and/or deepen affordable rents.**
- **DOH to create a low interest loan to gap finance acquisition and preservation of NOAH.**
- **DOH to provide an acquisition/bridge fund for developers to acquire NOAH.**

Recommendations. After reviewing and discussing these solutions, the SHWG recommends the following:

Building upon the Lex at Lowry case study above, the SHWG recommends that DOH create new tools to allow mission-driven private developers and nonprofit developers to better compete with market rate developers for NOAH acquisitions:

- **DOH to create a grant and loan fund to help finance the acquisition of NOAH.** This fund would be fast acting and quickly deployable to allow NOAH developers to compete on the private market.

- **DOH to create a grant and loan fund to help finance the *rehabilitation and preservation of NOAH properties*.** This fund is aimed at lowering equity costs and the costs of borrowing to finance improvements of the property long term.

The property tax reduction proposal, although attractive to developers, comes with many challenges. State legislative barriers and the impact of property tax reductions on local revenues, especially school districts, led the SHWG away from this recommendation.

The above proposals allowing developers to acquire and preserve NOAH have benefits of:

- Mitigating displacement from gentrification;
- Solving for NIMBYism—an increasing risk faced by new development;
- Solving for the impact of rising labor, materials, and land costs on rents and affordability; and
- Achieving truly mixed income housing.

Housing Preservation Network. The Colorado Housing Preservation Network (HPN) is a four-year old collaborative effort to preserve income-restricted units throughout Colorado. HPN conducted research into short-term loan funds and equity tools being used to preserve properties in a variety of housing markets. The team also tested various loan and equity product terms and conditions using assumptions based on recent sales, rental rates, and operating costs. Preliminary findings from the HPN's work were used to inform the NOAH subgroup's recommendations.

The HPN recommends the following solutions, **which were supported by the SHWG:**

- Establishing a Colorado Affordable Housing Preservation (CAHP) fund managed by CHFA. Colorado Community Development Financial Institutions (CDFIs) could provide underwriting support.
- Setting a goal for funding at \$50 million for the CAHP and \$3 million for small-scale projects, with funds coming from DOH, CHFA, Denver HOST, and philanthropy.
- CAHP financing tools to include:
 - A short-term, quick capital acquisition product with a 10 year term to allow mission-driven organizations to secure at-risk properties
 - Second mortgage financing for acquisition and rehabilitation of NOAH.
 - Continued resources for acquisition and rehabilitation of existing mobile home parks by residents or mission driven organizations
- Instituting a Rental Acquisition Program (RAP) for strategic purchases of affordable housing assets, led by CHFA in partnership with other public entities and organizations.

- Developing training to build capacity statewide to encourage preservation through rehabilitation and acquisition; this would include small landlords. Consider supporting the operations of nonprofit developers securing and preserving small NOAH properties.

Zoning and Land Use

The Zoning and Land use subgroup convened to explore land use solutions in Colorado communities that would facilitate the development of affordable housing.

The subgroup was comprised of:

- Angela Hutton-Hall, Managing Broker, City Park Realty and Attorney at Law
- Doug Snyder, Vice President, Regional Real Estate Development, Volunteers of America—a nonprofit, faith-based organization dedicated to helping those in need transform their lives
- Ty Coleman, Mayor of Alamosa and Director of Corporate Relations and Lending Solutions for Colorado Rural Housing Development Corporation (CRHDC), which provides pathways to home and asset building opportunities for low income households throughout Colorado.

Statement of need. The Stakeholder Engagement report identified many land use and zoning challenges that slow the production of needed housing and raise housing costs. Those included:

- Not-in-My-Backyard Syndrome (NIMBYism);
- Local zoning and building codes that limit density, building heights and have excessive parking requirements which limit the development of additional affordable housing;
- Land use policies that encourage sprawl which adds transportation costs to resident household budgets and additional infrastructure costs to local governments/developers;
- Local governments that are not properly equipped with the intricacies of land use and affordable housing finance to attract affordable housing development;
- The development process, regulations, positioning properties for affordable housing, and lack of technical knowledge.

Process. Local government development review processes can be restrictive resulting in lengthy processes that generate additional expenses for developers. Lack of clarity and predictability in the entitlement process contribute to the need for prolonged processes by not allowing development by right and needed flexibility at the administrative level. Processes that require multiple public hearings can become overly political, and there is an equity concern that NIMBYs voices are heard louder than stakeholders and impacted community members may not have an equal voice in public processes. It's helpful to affordable housing developers to have a clear path to entitlements and priority processing

through of building plans through building departments. Additionally, multiple public hearings and cumbersome appeal processes create extra expenses and delays for affordable housing developers—often before funding is secured. As a result, many smaller nonprofits/agencies are dissuaded from taking on projects that require zoning changes or local government approvals because they cannot take on the funding risk for entitlements.

Regulations. Zoning regulations can have unintended consequences that negatively impact residential development affordability. For example, minimum lot sizes for single family and multifamily development can drive up land costs and result in more expensive housing types. Additionally, many zoning ordinances do not allow for affordable housing as a “use by right” either through land use controls or through dimensional requirements—such as minimum lot sizes, minimum unit sizes, and inadequate land zoned for mid- and high- density housing. NIMBY push-back and fear of density are reflected in land use regulations. Additionally, because CHFA prioritizes transit sites in their awards of LIHTC projects, it can be a challenge to find and secure appropriately zoned land along transit lines outside of Denver.

Research supports the conclusion that restrictive land use controls make housing more expensive by raising the price of housing far above the cost of construction (The Economic Implications of Housing Supply, Glaeser and Gyourko).

Parking requirements can also increase costs for affordable housing development. Many local government codes require 1.5, to 2 spaces per unit where 1 to 1.5 space per unit is acceptable for many affordable housing developments. Surface parking space costs can be up to \$10,000 per space. Parking requirements are generally too high for affordable housing and precious affordable housing funds can be better utilized in other areas of a development.

Technical knowledge. Some local governments do not have a technical understanding of their community’s housing needs and how to begin working on affordable housing issues. Housing needs assessments are a great place to start—they can cost between \$35,000 and \$65,000—yet can be cost prohibitive for local governments. Without housing needs assessments, it can be unclear which households qualify for programs based on the locations, household size, and program regulations and which strategies could be deployed to best address local affordable housing needs. When these studies show a tight market, it is a signal to developers to take a close look at a community and consider developing new affordable housing.

Some local officials are wary of opposition to affordable housing and the potential for politically driven unintended outcomes—e.g., residential growth caps. These issues are exasperated by a lack of capacity—both funding and staff—in small or rural local governments to address these concerns. Demystifying the technical aspects and

terminology of affordable housing projects to staff may dissuade some of their fears towards potential local opposition.

Solutions. The zoning and land use subgroup explored solutions based on current best practices including developing capacity and resources for ADUs, bolstering technical assistance for affordable housing through a toolkit, and incentives. The initial ideas included:

ADUs. Support for ADU specific recommendations were mixed among the larger SHWG. Generally, members are supportive of connecting local governments and nonprofits who are interested in ADU programs but were not supportive of using funds to generate robust resources at the state level. The following recommendations were presented and discussed by SHWG members:

- **State and partners develop design templates for Accessory Dwelling Units (ADUs) that local governments can use for ADU as affordable housing programs.** SHWG members discussed this concept and concluded that design templates may be difficult because of different requirements in different communities. Additionally, members are not convinced this will result in affordable housing units or accessible units for residents living with a disability.
- **State develop a list of local governments interested in working on ADU as affordable housing programs.** Members were supportive of this idea to provide a platform for interested parties to network with one another and share resources.
- **State to develop a marketing campaign for ADU as affordable housing programs.** Discussion around this recommendation included interest in developing a best practice guide for making ADUs more affordable and developing units. However, SHWG members indicated that funds and staff time would be better spent on other proposed recommendations.

Zoning laws that only allow low-density single-family development drive up infrastructure costs, which contribute to high housing costs. Single-family districts [have the capacity](#) to allow for more efficient and less costly additional density, such as accessory dwelling units, if land use regulations would allow. This additional housing spreads the cost of infrastructure across a greater number of housing units, reduction housing costs. (Gentle Density can Save our Neighborhoods, Baca and McAnaney and Schuetz)

Toolkit. SHWG members were generally supportive of developing a toolkit and additional technical resources to assist local governments and small agencies in developing

affordable housing. Most of the discussion centered around what resources already exist and streamlining recommendations to be most efficient.

As the SHWG was developing land use and zoning solutions for consideration, the Colorado State Legislature, working with DOLA staff, was developing legislation to incentivize local governments (LGs) to make land use reforms to facilitate development of affordable housing. This legislation—HB21-1271—introduces three programs to support affordable housing including:

- Affordable housing guided toolkit and local officials guide program
- Local government planning grant program
- Local government affordable housing development incentives grant program
- **DOLA to develop an affordable housing toolkit of resources to provide technical information to local governments and attract developers.** SHWG members unanimously support and suggest that toolkits be made available to both local communities and small agency developers directly.
- **DOLA to fund local governments (LGs) housing needs assessments.** SHWG supports and is encouraged by potential legislative action (HB21-1271) that could provide state funding for housing needs assessments and studies of how land use code reforms can facilitate affordability.
- **DOLA to provide tech assistance on land use and affordable housing policy.** SHWG members are supportive of technical assistance for both local governments and small agency developers.
- **DOLA to provide education, templates, resources, advising, and positioning for higher levels of funding.** SHWG members felt this was important to increase the competitiveness for smaller jurisdictions. CHFA is currently working on a small multifamily development guide that will include templates, guidance, and pro forma tools and could be complementary to any materials DOLA and DOH produce.
- **DOLA to assist LGs in identifying and preparing sites for affordable housing - entitlements, infrastructure, etc.** SHWG members would like to include assistance to small agency developers, as well as resources to help curb NIMBYism.

Incentives. SHWG members were fairly neutral toward the following recommendations. Due to existing resources and new programs introduced under the proposed HB21-1271, the following recommendations can be streamlined significantly.

- **DOLA to provide bonus funding to developers (via dollars, vouchers) who work in LGs that have stepped forward and are prepared for affordable housing.** SHWG members supported this recommendation and suggested the bonus funding be calculated as more dollars per unit.
- **DOLA to fund incentives for developers and local governments who agree to waive review and impact fees and fast track development.** SHWG members were neutral toward this recommendation. Members expressed concern about the potential impact on services and infrastructure.
- **DOLA to provide funding for land and infrastructure in exchange for affordable housing commitments.** DOLA clarified that there are funding sources available for this use through CDBG, CHFA, and HB21-1322 (gasoline and special fuel tax restructuring).

Recommendations. After reviewing and discussing these solutions, the SHWG recommends the following:

- **DOLA to develop the following technical assistance for housing agencies: an affordable housing toolkit of resources to better inform (LGs) on land use and affordable housing policy; LG guidance for identifying and preparing sites for affordable housing and positioning to attract developers; a platform for LGs interested in exploring ADUs as an affordable housing policy.**
- **DOLA to fund local governments (LGs) housing needs assessments.**
- **DOLA to provide education, templates, resources, and advising to position (LGs) to attract higher levels of funding for affordable housing.**
- **DOLA to provide local government funding for land acquisition—including land banking—and infrastructure improvements that support the development of affordable housing by lowering costs to developers.**

Supportive Service Provision

This SHWG subgroup convened to examine the need for supportive services in affordable housing projects and NOAH projects. The following SHWG members participated in the discussion:

- Beatriz Gonzalez, Vice President, Community Lending and Diverse Markets Business Development Officer, Bank of the West—a regional financial services firm with branches throughout the Western and Midwestern U.S.
- Jennie Rodgers, Vice President Denver Market, Enterprise Community Partners—a national nonprofit that addresses affordable housing crisis from multiple angles
- Jennifer Kermode, Executive Director, Gunnison Valley Regional Housing Authority, which advocates, promotes, and provides long-term affordable housing to low and moderate income households in the Gunnison Valley.
- Kelly McNicholas Kury, County Commissioner, Pitkin County
- Steven Cordova, Executive Director, Total Concept
- Ty Coleman, Mayor of Alamosa and Director of Corporate Relations and Lending Solutions for Colorado Rural Housing Development Corporation (CRHDC), which provides pathways to home and asset building opportunities for low income households throughout Colorado.

Statement of need. Some tenants do best with supportive services attached to housing assistance. Services can also substantially reduce the cost of housing provision to both the landlord and the public sector. As discussed below, supportive services can reduce tenant turnover, which can substantially reduce operating costs. Services also help tenants stay housed, support tenant economic mobility, reducing turnover and risks and costs of eviction and homelessness to both the resident and the public sector. While the services noted above are critical in homelessness, they are also very beneficial and needed in regular family and senior affordable housing.

Despite considerable need, very few rental assistance programs are paired with supportive services; thus, tenants must rely on community-provided services to meet their needs. Tenants' needs commonly go unaddressed in rural areas where supportive service programs are lacking. Renters' supportive service needs can vary considerably. For example, at Homeward Pikes Peak,

- 30% of voucher holders leave the program quickly and increase self sufficiency;
- 50% stay on longer before they leave the program; and

- 20% struggle to maintain their housing due to mental illness, addiction.

Early estimates from the four year social impact bond (SIB) project with Permanent Supportive Housing (PSH) providers suggests that needed services total \$12,078 per person annually. More than half of the total per-person, annual cost of the SIB was offset by reductions in avoided outcomes. SIB participants had \$7,860 less in annual, per-person costs associated with avoided outcomes compared with the control group, with the biggest reductions in jail and ambulance costs.

Nonprofit housing providers must fundraise annually for service provision; funds are very competitive and require significant administrative resources. That is hard for nonprofits to provide services over the long haul, and an efficient way of delivering services. PSH is drastically needed in the state—and the state has committed to expanding PSH. The structure and delivery of service provision is in place; a dedicated source of funding is the missing piece.

The time spent fundraising and administering several small grants could be better used for direct service provision.

The NOAH subgroup also examined the benefits of supportive service provision. Investing in supportive services for tenants with such needs increases leasing activity and resident retention and promotes on-time rent payment. Reducing turnover from 50 percent to 35 percent would have a significant impact on operating expenses—thereby helping operators keep rents affordable.

"[I] very much support the idea of funding supportive services for nonprofit and private developers. It is huge need in the community." –SHWG member

Solutions. Over several meetings, the SHWG explored many solutions to improve rental assistance programs. Considerations included:

- **Establishing a dedicated source of supportive services funding.**
- **DOH to fund supportive services for mission-driven private property owners providing NOAH and nonprofit affordable housing providers.** The services would be provided through public-private partnerships and funded by foundations, in addition to DOH.

Recommendations. After reviewing and discussing these solutions, the SHWG recommends the following:

- **DOH and partners to research, define, and advocate for a long term dedicated source of funding for supportive services.** This would include:

- Working with partners to define critical needs—e.g., health and mental health/addiction treatment, case management, telehealth, afterschool programming, etc.;
 - Consider changing underwriting of projects with a supportive services component to “above the line” in the long term project operating budget, allowing for more initial development subsidy;
 - Defining level of service, measures of success, monitoring protocol;
 - Exploring how the state’s Medicaid program can be expanded to cover supportive services, drawing on best practices from other states and supporting such an expansion;
 - Considering other sources of ongoing and stable revenue.
- **DOH to consider funding for supportive services to nonprofit partners who provide supportive services to residents in privately owned NOAH and nonprofit owned assisted housing.**

Rehabilitation and Homeownership

This SHWG subgroup convened to examine solutions for addressing housing condition challenges, including preserving mobile homes and manufactured housing stock as an affordable housing option; and facilitating homeownership among low and moderate income renters.

- Beatriz Gonzalez, Vice President, Community Lending and Diverse Markets Business Development Officer, Bank of the West—a regional financial services firm with branches throughout the Western and Midwestern U.S.
- Jennie Rodgers, Vice President Denver Market, Enterprise Community Partners—a national nonprofit that addresses affordable housing crisis from multiple angles
- Jennifer Kermode, Executive Director, Gunnison Valley Regional Housing Authority, which advocates, promotes, and provides long-term affordable housing to low and moderate income households in the Gunnison Valley.
- Kelly McNicholas Kury, County Commissioner, Pitkin County
- Steven Cordova, Executive Director, Total Concept
- Ty Coleman, Mayor of Alamosa and Director of Corporate Relations and Lending Solutions for Colorado Rural Housing Development Corporation (CRHDC), which provides pathways to home and asset building opportunities for low income households throughout Colorado.

The group was supported by two DOH staff, Christina McKasy and Jose Trujillo, who manage programs in these areas, in addition to Andrew Paredes.

Housing Rehabilitation

Defining needs. The subgroup agreed that understanding the extent of rehabilitation needs can be challenging, and emphasized the value of existing and future housing needs assessments in helping to identify gaps. In addition to specifying housing needs by AMI category, those needs assessments should include an analysis of recent sales for price points as well as condition and utilize data on home improvement loans to better understand if households can access home improvement loans.

Program challenges. SHWG members identified the following challenges with DOH's home rehabilitation program:

- The AMI ceiling on owner-occupied rehabilitation is too low for high cost areas; it should be capped at 120 percent AMI. In resort areas, the only affordable ownership option is often found in aging condominium complexes, which can have high HOA fees

and special assessments for unforeseen repair and rehabilitation needs. A program that helps low and moderate income owners cover those special assessments is needed.

- Mobile home communities provided a needed solution for rental and ownership housing in both rural and suburban areas of the state, and many homes have significant repair needs. A program that allows funding for emergency repairs for mobile and manufactured homes not on permanent foundations is needed.
- The cap on the dollar amount of repairs is too low, particularly in rural areas with old housing stock that has lacked upkeep. These caps were developed in the 1970s and have not been adjusted with rising housing costs. In eastern Colorado, the average needs are closer to the \$50,000-\$58,000 range.
- Grants are preferred to loans. Even low interest loans (3%) can be too costly for property owners, including small landlords. In addition, in small communities where accurate appraisals are challenging due to the small number of comparable sales, loans (v. grants) create barriers due to high loan to value (LTV) ratios. Allowing up to 120 percent LTV has improved this gap. However, this can still be a barrier in undervalued areas.

Homeownership

The SHWG subgroup identified several areas where homeownership and downpayment assistance programs could be modified to better help low and moderate income renters attain ownership:

- The AMI ceiling for homeownership assistance is too low, particularly for the current market. Programs should allow up to 150 percent AMI in high cost markets.
- The amount of downpayment and closing cost assistance is much too low for the current market. While households should be required to contribute some funds to downpayment, the current gap between what is needed in this market and what they have available is much too large. Lenders can cover the difference for a higher interest rate; however, these result in a higher monthly payment, disqualifying some buyers.
- Grants are more useful than loans because even deferred loans are considered in the monthly payment calculation; loans deferred do not meet qualified mortgage standards. Grants also facilitate wealth-building more than loans do.
- Loan to value limits are also problematic in some markets and add layers of complexity to programs.
- The difference between appraisals and valuations needs to be addressed. In some markets appraisals lag current market prices or there are few meaningful comparables.

Supply challenges. This subgroup also explored challenges with the supply side of ownership products and agreed that challenges in condominium developments due to construction defects claims is needed, as are opportunities to preserve or repurpose mobile and manufactured homes parks that offer a hybrid to ownership and are being lost to redevelopment.

Recommendations.

Rehabilitation programs.

- DOH should allow higher AMI levels for households receiving rehabilitation assistance, up to 120 percent of AMI (v. the 80% cap currently). This could include income averaging to allow a broader range of households to receive assistance.
- DOH should raise the caps on per unit assistance to better reflect rehabilitation needs, which can be as high as \$60,000 per unit.
- DOH should allow rehabilitation programs to cover mobile and manufactured homes not on permanent foundations and special assessments of low to moderate income condominium owners.
- DOH should provide grants as well as rehabilitation loans after analyzing the rehabilitation program's loan to value v. rehabilitation needs and adjust requirements as needed.
- DOH should explore a pilot rehabilitation program for small landlords

Homeownership programs.

- DOH should allow higher AMI levels for homeownership programs, up to 150 percent of AMI (v. the 120% cap currently).
- DOH should evaluate how current loan to value requirements, differences between construction costs of ownership products and needs, and how loans v. grants impact the ability of renters to attain ownership, by geographic area and AMI level.
- DOH should evaluate the potential to remove the qualified mortgage (QM) requirements and allow more flexibility in homeownership programs.
- The SHWG recommends continued advocacy for construction defect solutions to increase the supply of affordable ownership products through condominium development.

Appendix A.

DOH Current Funding Sources and Eligible Uses

Funding Source	HDG	HDLF	HSP	HOME	CDBG	HTF	ESG	HB21-1329	SB21-242	HCV	Mainstream	EHV	CAT SHVs	CAT S811PRA
FY21-22 budget (est.)	\$75,100,000	\$766,997	\$15,300,000	\$6,668,937	\$2,940,249	\$10,030,779	\$2,136,506	\$100,000,000	\$30,000,000	\$57,680,704	\$3,252,940	\$4,344,924	\$6,437,430	\$7,610,719
														(over 5 years)
Income Limit (AMI)	120%	120%	30%	80%	80%	30%	50%	120%	30%	30%	30%	30%	30%	30%
Geographic Eligibility and Focus	Statewide Rural / Non- Metro	Statewide Rural / Non- Metro	Statewide	Metro (primarily)	Rural / Non- Metro Local Governments	Statewide	Statewide	Statewide Rural / Non- Metro	Statewide	Statewide	Statewide	Statewide	Statewide	Statewide
Populations of Focus														
Homeless	○	○	●	○	○	○	●	○	●	●	●	●	○	○
Very Low Income	○	○	○	○	○	●	○	○	○	●	○	○	○	○
Disabled	○	○	○	○	○	○	○	○	○	●	●	○	●	●
Victims of Domestic Violence	○	○	○	○	○	○	○	○	○	●	○	○	○	○
Exiting/at-risk Institution	○	○	○	○	○	○	○	○	○	○	○	○	●	●
At-risk of homelessness	○	○	○	○	○	○	●	○	○	○	●	●	○	○
Eligible Activities														
Acquisition	●	○	○	●	●	○	●	○	○	○	○	○	○	○
Down Payment Assistance	●	○	○	●	○	○	○	○	○	○	○	○	○	○
Emergency Shelter	○	○	○	○	○	○	●	○	○	○	○	○	○	○
Homeownership	●	●	○	○	○	○	●	●	○	○	○	○	○	○
Hotel / Motel acquisition	○	○	○	○	○	○	○	○	●	○	○	○	○	○
Housing infrastructure	●	○	●	○	●	○	○	○	○	○	○	○	○	○
Land Banking	●	○	●	○	○	○	○	●	○	○	○	○	○	○
Mobile Home Parks	●	○	●	○	○	○	○	●	○	○	○	○	○	○
Owner Occupied Rehab	●	○	○	●	○	○	○	○	○	○	○	○	○	○
Permanent Supportive Housing	○	○	●	○	○	○	○	○	●	○	○	●	○	○
Rapid Rehousing	○	○	○	○	○	○	●	○	○	○	○	○	○	○
Rental Housing Development	●	●	○	●	○	●	●	●	○	○	○	○	○	○
Supportive Services	○	○	●	○	○	●	○	○	○	○	●	●	○	○
Tenant Based Rental Assistance	○	○	○	●	○	●	○	○	○	○	○	○	○	○
Vouchers	○	○	●	○	○	○	○	○	○	●	●	●	○	○
Source	[1]	2012 mortgage servicing settlement funds	CO cash funds (Marijuana tax)	Federal funds	Federal funds	Federal funds	Federal funds	ARPA	ARPA and CARES Act	Federal funds	Federal funds	Federal funds	CO General Fund	Federal funds

[1] CO General Funds (\$9.2 million); HB19-1245 "Vendor Fee" (\$50 million); HB20-1472 Tobacco/Nicotine tax (\$11.6 million)

Source: Colorado Department of Local Affairs, Division of Housing



1313 Sherman St. Suite 320
Denver, CO 80203



P 303-864-7810
F 303-864-7857
TDD/TTY 303-864-7758



www.dola.colorado.gov



COLORADO
Department of Local Affairs
Division of Housing

Stakeholder Engagement

Engaging Stakeholders on Affordable Housing
Policy in Colorado

Report Published:
02/06/2020



February 6, 2020

Colorado is a thriving and beautiful state. The secret is out. Demand for housing has continued through down cycles and skyrocketed in up cycles. Despite our income and economic gains, Colorado is experiencing a lack of affordable housing at critical levels. More than 270,000 low-income households pay more than 50% of their income for housing. These are our school teachers, police officers, and baristas, the elderly, and people with disabilities.

2019 was a historic legislative session for affordable housing in Colorado. With the passage of bills diverting funds from Vendor Fees and Unclaimed Assets to the housing needs of Coloradans, the Department of Local Affairs, Division of Housing (DOH), may receive over \$7 million in additional funding for state fiscal years 2020 and 2021, and then starting in July 2021, up to \$77 million more per year for three years to address the state's housing shortage. (It is important to note that distributions may be impacted by TABOR caps.)

To plan for these new resources, DOH engaged with stakeholders statewide through listening and dialogue with more than 860 stakeholders from 54 of Colorado's 64 counties. Regional needs were discussed together with creative financing ideas. The commitment and passion for solutions from Coloradans was humbling.

The Division of Housing (DOH) prepared the following report to share the voices of these participants. As you read this summary document, you will gain a greater regional understanding of Colorado's housing needs, the key concerns of stakeholders and the ideas Coloradans have for moving forward. This information will be used in tandem with housing data analyzed in the coming months to identify how the potential growth of existing resources and the creation of new financing programs may best support Coloradans and their housing needs.

A special thanks to Dana Parke, a graduate student at the University of Denver, for tackling the abundance of information and ideas provided by stakeholders to form this document, to our partners at Housing Colorado and the Colorado Housing and Finance Authority for helping to lead the stakeholder engagement statewide, and thanks to all of DOH's staff in making the engagement meetings a success.

With gratitude,

Alison George
Director



Introduction

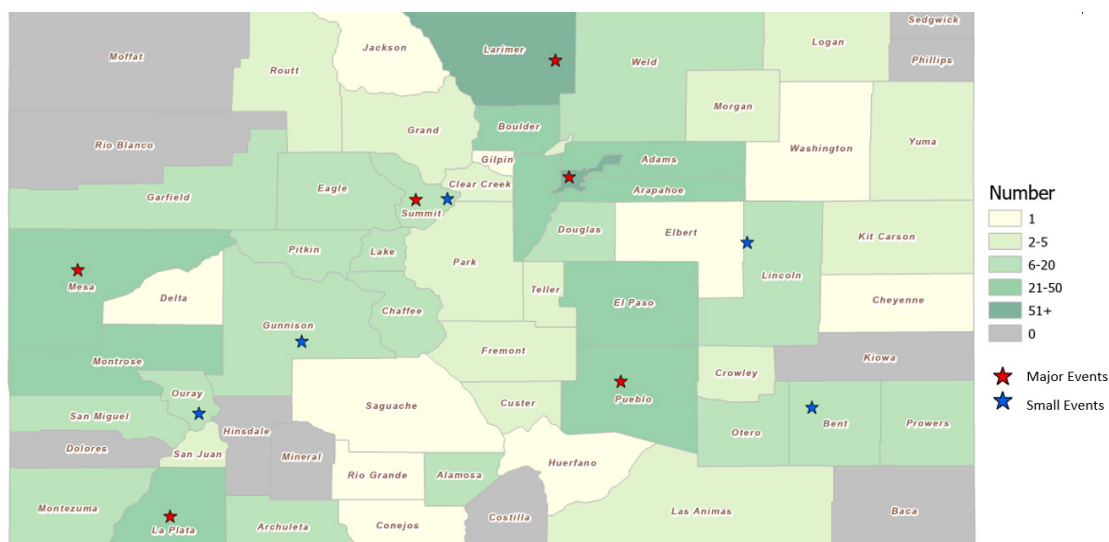
2019 was a historic legislative session for affordable housing in Colorado. With the passage of HB19-1245 and HB19-1322, the Department of Local Affairs, Division of Housing (DOH), will receive over \$7 million in additional funding for state fiscal years 2020 and 2021, and then starting in July 2021, up to \$77 million more per year for three years to address the state's housing shortage.

HB19-1322 added a requirement for stakeholder engagement to help determine how best to utilize this money. Thus, DOH has conducted Outreach & Engagement events across Colorado in collaboration with Housing Colorado and the Colorado Housing and Finance Authority (in Denver, Durango, Fort Collins, Frisco, Grand Junction, and Pueblo), along with smaller events in Bent County, Gunnison, Keystone, Limon, and Ouray. DOH has also received detailed stakeholder input via an online survey.

DOH reached a total of 868 stakeholders in this process, representing numerous constituents. Stakeholders hailed from 54 of Colorado's 64 counties, covering a wide range of urban and rural perspectives. They also represented a variety of organizations, including local governments, non-profits, developers, housing authorities, healthcare, organizations serving vulnerable populations, individuals, and individuals with lived experience.

The following report discusses the key themes and potential solutions heard from stakeholders. Direct quotes from stakeholders are utilized as illustrative examples of sentiments expressed by numerous people. Not all of these findings will fall under the purview of DOH; however, this data helps tell “the story of housing” as seen by Coloradans across our state.

Stakeholders Reached



Note: The data in this map represent unique stakeholders who attended the following 2019 Outreach & Engagement events: Denver (Day 1 & 2); Durango; Fort Collins; Grand Junction; Pueblo; and Summit County - plus those who attended smaller events held in Bent County, Limon, and Ouray - as well as survey respondents.

Key Themes

Overall Situation

Stakeholders were extremely vocal on the overall housing situation in Colorado, with many referring to it as a “crisis.” In general, there is a housing shortage, with very limited housing stock across the state, and much of existing housing stock is aging or otherwise of poor quality, especially mobile homes. Stakeholders were also vocal that the price of housing has “skyrocketed” and is “astronomical.” The high costs of land, labor, and construction materials makes new development very difficult, especially in remote rural regions where contractors are far away and developing infrastructure is costly. Stakeholders demonstrated need for a diverse housing stock - including single family, multifamily, town home, duplex, 4-plex, supportive housing, accessory dwelling units, and more. As one stakeholder shared, “We need it all.” Numerous stakeholders also expressed that housing needs cover a wide spectrum of individuals - from those experiencing homeless to households at 200% of the Area Median Income (or AMI; the median income for a household of 3 ranges from roughly \$50,000 to \$100,000 depending upon the county of residency). Finally, many stakeholders discussed that limited staff capacity, especially in rural areas, makes it difficult to adequately respond to the situation.

This section explores the concerns of stakeholders which have been grouped into the following categories of key themes by DOH:

- Qualifying for Assistance
- Employment
- Understanding Affordability
- Housing for Local Residents
- Mobile & Manufactured Homes
- NIMBYism/Zoning
- Vulnerable Populations



Key Themes...

Qualifying for Assistance

Many communities have cited the challenges that moderate and above median income households (also referred to as the “missing middle”) face in finding affordable housing, particularly in the Resort region. Respondents highlighted how AMI limits and other mechanisms prevent households from qualifying for assistance:

“People earning around \$30,000 who are just over the line for eligible programs such as healthcare and other programs. With that “extra” money they earn, they have to spend it on those benefits, so they actually end up with less money than if they earned less and received the benefits.” - Front Range

“People have to quit their jobs, lose their homes, and take pay cuts in order to seek out any affordable housing options. There is no assistance for those that want to better themselves because the system is built to keep them utilizing services that do not build them up or help them grow financially.... These people are working pay check to pay check to afford child care so that they can continue to work and there is no help for them because they ‘make too much money’” - Front Range

Additionally, several stakeholders reported that tenant selection criteria often exclude very vulnerable populations from accessing housing, particularly mentioning those who are justice-involved and those with bad or no credit resulting from domestic violence situations. A respondent from the Western Slope explained, “Persons reentering from prison and registered sex offenders have nowhere to go and are among the harshest excluded from housing and employment.”



Key Themes...

Employment

Housing and employment share a symbiotic relationship at many levels, with both employers and employees negatively impacted by lack of affordable housing.

Stakeholders discussed that employers face significant challenges in recruiting and retaining employees when housing is unavailable or too costly in their area. This impacts an employer's ability to grow or even to remain open as well as deters potential new employers from opening in such areas, which negatively impacts the broader economy, particularly in rural areas. For example, a stakeholder from the Resort region shared that there is **"no one to fill employment at minimum wages (gas station, restaurants, grocery store) because there is no place to live that is affordable."**

Numerous stakeholders described the impacts of the lack of affordable housing on employees. For example, a stakeholder from the Central Mountains explained, **"No available housing stock means low-wage workers, the base of our local economy, cannot find housing, and if they do, cannot afford housing, or are forced to commute or camp or cram into overcrowded homes."** Many discussed the significant disparity between income and the cost of housing, particularly for those in minimum wage or part-time positions. **"Costs skyrocket, while incomes remain stagnant."**

Distance to employment is thus a resulting prominent challenge, particularly for service workers in the Resort region. One mountain town cited 62-mile one-way commutes for service staff; another stakeholder works at **"the other end of the Valley"**; yet another referred to **"'drive until you can afford it' communities."** In urban areas, the distance between home and employment significantly contributes to traffic congestion.

On a related employment topic, many stakeholders described that, despite misconceptions, many persons experiencing homelessness are **"working homeless."** Often, these individuals **"make enough to afford a motel room for the night but don't have the ability to earn/save enough to pay for first/last month rent and deposits required to obtain stable housing."** Indeed, some people who stay in motels in the Denver area end up paying **"\$80/day or \$2400/month, much more than the cost of a typical apartment rental."**



Key Themes...

Understanding Affordability

DOH utilized the following definition of affordable housing with stakeholders: when a household pays no more than 30% of their income for all housing costs.

However, several stakeholders highlighted that “affordable housing” may not always be “affordable” when one considers additional costs of living and access to services. Notably, the distance of the housing unit to necessary services - such as employment, grocery stores, transportation, healthcare, childcare, religious institutions, and more - also plays a role in defining affordability to individuals.

One stakeholder succinctly shared:

“The cost of your home doesn’t exist in a vacuum. A cheap home that is so far from your work you must spend thousands of dollars a year on car ownership, maintenance, and gas just to get to work is not affordable housing. A cheap house nowhere near daycare or grocery stores is not affordable housing.”

Consequently, several stakeholders noted that they are using the term “attainable” housing instead.



Support Housing for Local Residents

Stakeholders throughout Colorado expressed support for prioritizing housing options for people living and working in their communities. In urban areas, concern over displacement due to rising costs was raised.

In rural areas (particularly the Resort and Western Slope regions), second homeowners are occupying the limited housing stock and driving up housing costs for locals. Many of these units sit vacant for much of the year, which poses a paradox considering the number of people who need housing.



Key Themes...

Mobile & Manufactured Homes

A significant number of survey respondents represented residents or owners of mobile or manufactured home parks. Mobile homes have historically served as a naturally affordable housing option, particularly for lower-income households; however, their affordability is quickly changing. One resident of a manufactured home shared, “What was once affordable for me is quickly becoming a road to homelessness.”

Numerous stakeholders commented on the significant increases in rents. For example, one mobile home park resident shared, “Lot rents have almost doubled in the ten years I have lived here.” This poses a significant cost burden to residents, and their alternative options are limited. For example, as shared by a Front Range stakeholder: “When lot rent becomes too high, selling homes is more difficult (buyers turned away by high lot rent), and moving anywhere in the area is prohibitively expensive for current mobile home owners. Because of this, they feel trapped.” Further, numerous stakeholders commented on the poor quality of mobile homes - some date from the 1950s and are in desperate need of repair.



Many mobile home parks across the state are disappearing due to redevelopment, or they have been bought out by corporate owners, and these phenomena are negatively viewed by many stakeholders. Several reported that mobile home park residents tend to have a strong sense of community (“Residents of mobile home parks take care of one another”); however, with current conditions, their voice is limited (“We would like a voice in dealing with the park owners.”).

Several detailed anecdotes provide unique perspectives highlighting the many challenges that mobile home residents face:

“Many of the tenants in our mobile home parks don’t know their rights as renters or are afraid of being discovered as undocumented (or having a family member who is undocumented), ...[resulting in] tenants living in unsafe and cruel conditions. The other side of that is these substandard trailers are currently providing some very affordable rentals in comparison to the rest of the market. If we find a way to fix or replace all the trailers, we will be displacing many of our community’s lowest income residents.” - Resort

“Due to another rash of rapidly rising rents, the majority of the current residents of my park will be either forced to move out, forgo upkeep and repairs, become otherwise impoverished, or move far away from the community in which they have lived most of their lives....Outside investors are effectively breaking up my long-established community, one that is dearly loved by its residents.” - Front Range



Key Themes...

NIMBYism/Zoning

Many stakeholders cite NIMBYism (or “Not in My Back Yard[ism]”, characterised as opposition to proposed development in a local area) and vocal resistance to affordable housing within their communities, particularly in the Front Range. In many areas, local zoning and building codes limit density and the development of additional housing stock - such as restrictions on cooperative living, building height, parking limits, and more.

“We need to work on NIMBYism in neighborhoods. I live in an area where there is low-income housing to my left, and \$700k+ homes to my right. People with money “say” they care about people experiencing homelessness and building affordable housing, but when the opportunity [came] to build 2-3 duplexes in the area, the rich people were very upset and ultimately, the land was not zoned for multi-family units. Not only does this continue to strain our housing and rental market, but it also continues to segregate our communities.” - Front Range

Vulnerable Populations

Stakeholders highlighted the diverse needs of many populations who require tailored housing solutions and services. For example: disabled, justice-involved, seniors, survivors of domestic violence and human trafficking, undocumented, veterans, youth (ages 15-24) especially those aging out of foster care, and many more. Several populations are discussed in more detail below.

People Experiencing Homelessness

Stakeholders expressed criticism of the civil and criminal penalties imposed on those experiencing homelessness. Additionally, many communities lack emergency shelters, which results in less than desirable conditions, such as living in tents. Further, where shelters are available, they often have barriers to entry, particularly for families. Stakeholders not only highlighted the need for capital funding to develop supportive housing and vouchers to enable ongoing operations, but also funding for supportive services -- which is needed even at some existing supportive housing sites.

Seniors

Many stakeholders discussed the vulnerability of seniors. Seniors have fixed incomes, and with rising rents, they become increasingly unable to pay and consequently face homelessness. Seniors also have specific housing needs, as they seek to downsize or require assisted living. One stakeholder from the Central Mountains provided an example of a negative impact on seniors: “Our elderly population has to leave the community to access the housing and care they need, many times severing social connections.”

Key Themes...

Vulnerable Populations...

People with Disabilities

Several respondents were parents of adult children with disabilities, expressing significant fear and worry about ensuring continued care for their children. For example, one Front Range stakeholder shared: “As parents of a son with Developmental Disabilities, we are concerned about where he will live safely and in a supported community when we are no longer here.” Further, one Front Range service provider for the disabled highlighted, “The cost to purchase a house is outstanding and not even in the realm of possibilities for [disabled] clients.” Finally, numerous stakeholders expressed that many units do not meet federal accessibility requirements, and there are limited affordable housing options for those with disabilities outside of Denver.

Survivors of Domestic Violence

Several stakeholders shared the specific challenges that survivors of domestic violence face. In addition to mental and physical health needs, survivors have also often suffered financial abuse. Thus, they may lack savings, credit, rental or employment history, which makes it difficult for them to find safe housing. Some stakeholders also pointed out that limiting definitions of domestic violence results in shelters unable to help some individuals.



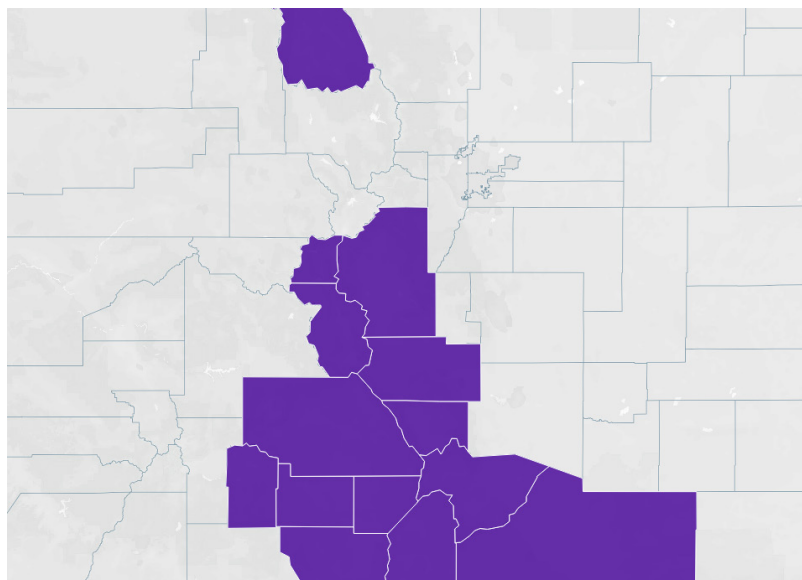
Regional Themes

Many stakeholders stressed the importance of understanding regional themes and differences, particularly between urban and rural areas of Colorado: *"The needs and characteristics of rural communities are not the same as Denver."* Some themes specific to Colorado's five main regions are discussed below.

Central Mountains

- Stakeholders from the Central Mountains felt that affordable housing is a *"crisis"* in their area, since there is a lack of available homes and rentals in the area. In fact, several survey respondents commented that they wished they could have chosen more than three top needs for their community.
- Stakeholders also discussed that a major gap is addressing households from 31-80% AML. Stakeholders also shared that the lack of affordable housing is making it difficult for employers to remain open.
- The region also has harsh winter weather, which is challenging for residents who live in campers and substandard housing.
- Stakeholders cited important existing programs - such as their local weatherization and blight programs; however, they need support to expand local capacity to conduct this much-needed work.

Central Mountains Map



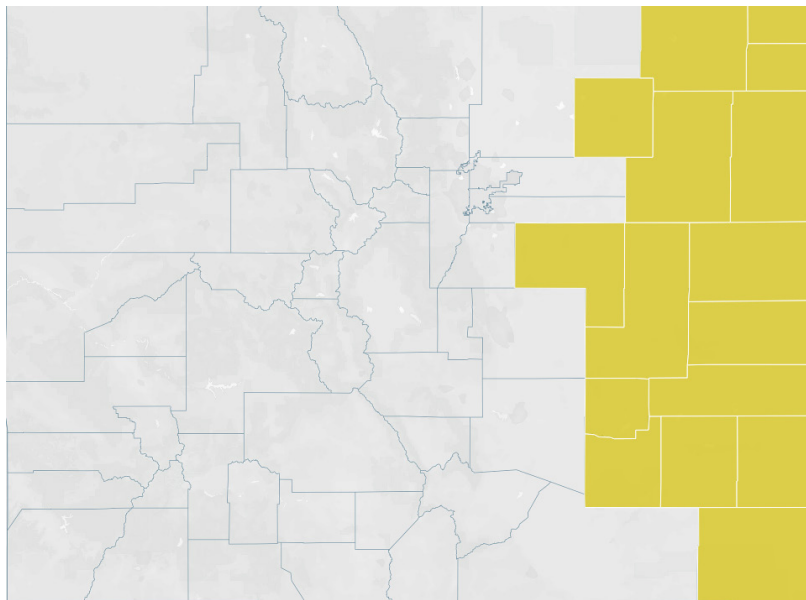
Counties included: Alamosa, Chaffee, Conejos, Costilla, Custer, Fremont, Huerfano, Jackson, Lake, Las Animas, Mineral, Park, Rio Grande, Saguache.

Regional Themes...

Eastern Plains

- The Eastern Plains is particularly categorized by its remote rural location. The distance to construction materials and contractors results in high construction costs, and infrastructure costs can be prohibitive. Several stakeholders shared that it costs more to build a home than its appraisal value.
- Another common theme is the limited capacity of smaller towns - for example, they struggle with matching requirements, are unable to offer financial incentives to developers, and compliance costs for affordable housing or vouchers are too high.
- However, stakeholders were eager to entice people to move to the Eastern Plains, especially seniors and families. And unlike some other areas of Colorado, the Eastern Plains has land. For example, one stakeholder shared: *"We have space and land to develop. We need support in advertising and linking the developers to the community....We welcome the development!"*

Eastern Plains Map



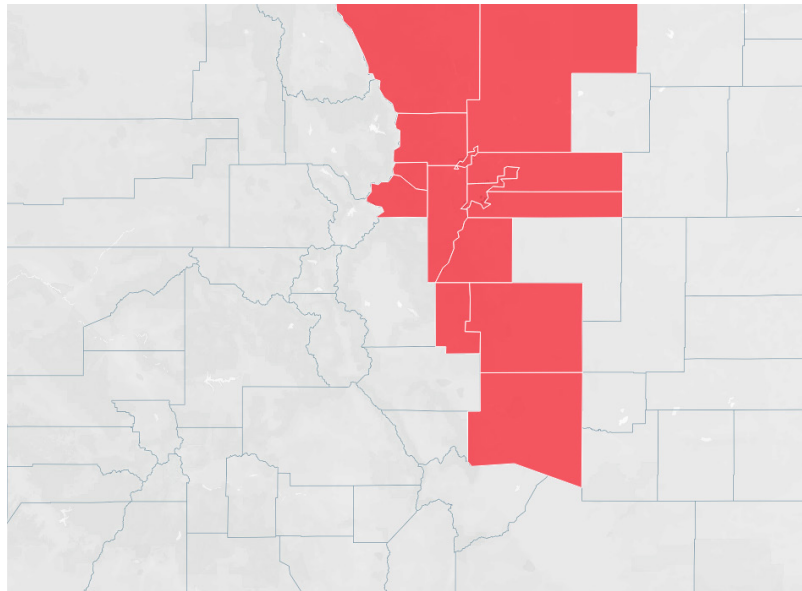
Counties included: Baca, Bent, Cheyenne, Crowley, Elbert, Kiowa, Kit Carson, Lincoln, Logan, Morgan, Otero, Phillips, Prowers, Sedgwick, Washington, Yuma.

Regional Themes...

Front Range

- Stakeholders highlighted a number of unique challenges for the urban Front Range, including the high presence of NIMBYism, gentrification due to new development, and the lack of land.
- The challenge of homelessness featured prominently in this region.
- Transportation and childcare needs were also frequently mentioned.
- Changes to zoning and building codes may be especially helpful in Front Range communities, to allow for unique developments such as agrihoods or tiny homes.
- There remain diverse needs across this urban region - for example, in Pueblo County there is a need for smaller projects (maximum 12 units), and in the northern end of the Front Range, water and tap fees present a large challenge.

Front Range Map



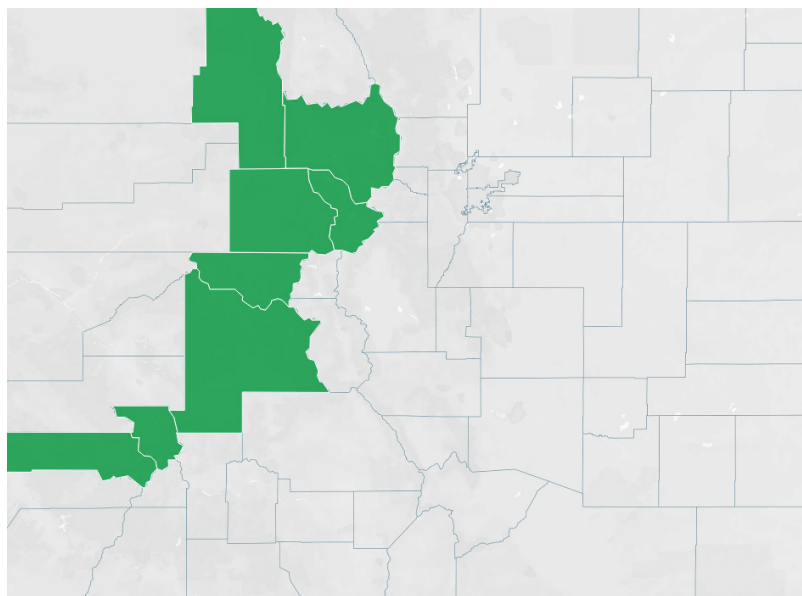
Counties included: Adams, Arapahoe, Boulder, Broomfield, Clear Creek, Denver, Douglas, El Paso, Gilpin, Jefferson, Larimer, Pueblo, Teller, Weld.

Regional Themes...

Resort

- Stakeholders overwhelmingly discussed that the housing gap in the Resort region goes up to 200% AMI.
- Second homeowners are occupying the limited housing stock and driving up costs for locals.
- Service workers are unable to afford to live near their place of employment. One stakeholder cited 62-mile one-way commutes for their community; another referred to “drive until you can afford it” communities.”
- It is also difficult to get contractors to the region due to the distance.
- One stakeholder shared, “We need a variety of housing types and price points to meet the needs of our community. We are a rural community, with rural resources but big city housing issues.”

Resort Map



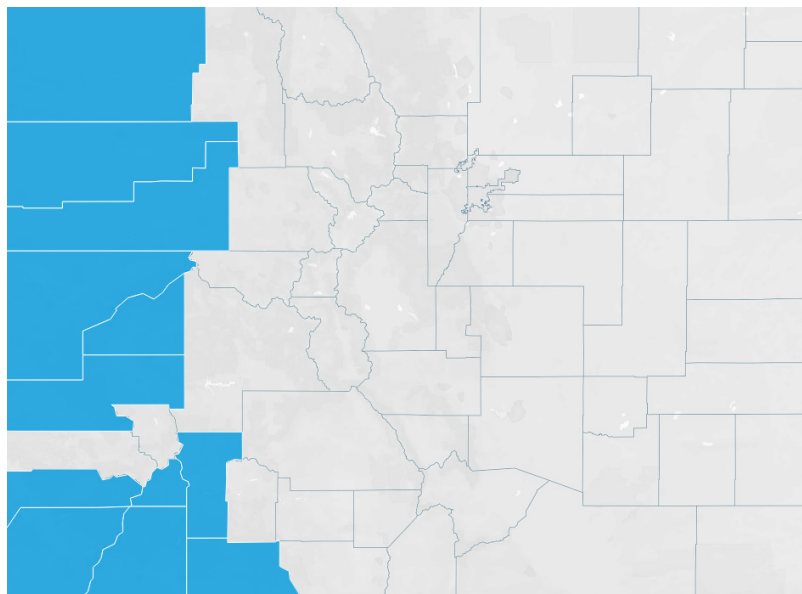
Counties included: Eagle, Grand, Gunnison, Ouray, Pitkin, Routt, San Miguel, Summit.

Regional Themes...

Western Slope

- The Western Slope is also impacted by its remote location and short building season, which makes new development difficult.
- Many stakeholders from the area discussed the challenge of the “missing middle” and workforce housing, with long distances between residents’ homes and places of employment.
- Further, many residents have low paying jobs and the student debt burden makes it difficult for individuals to qualify for loans.
- Several cited outmigration, especially for the 80-120% AMI range, as a challenge.
- A large number of stakeholders also discussed challenges of vouchers - there are very few vouchers in the area because: there is limited capacity to administer new vouchers, vouchers are going unused because there is not enough housing inventory to find a unit within 60 days, and people are moving with the vouchers to the Front Range. Thus, both additional vouchers and housing stock will be important for this region.
- Many stakeholders expressed a desire to tax AirBnb’s or second home owners as a solution.

Western Slope Map



Counties included: Archuleta, Delta, Dolores, Garfield, Hinsdale, La Plata, Mesa, Moffat, Montezuma, Montrose, Rio Blanco, San Juan.

Regional Themes...

Connectivity

While there is certainly variation between communities, it is important to also recognize regional connectivity. Housing needs in one area easily “spill over” to other areas. For example, a workforce housing shortage in one area of the Resort region can result in diminished availability of affordable housing in a neighboring city from which workers commute. A respondent from a smaller Front Range community discussed the community’s perception that those experiencing homelessness should seek services in larger urban areas; however, as the respondent shared, “I feel this kicks the can down the road.” The connectivity highlights the need for regional approaches and collaborations.



Solutions From Stakeholders by Theme

“We need short-term solutions now as well as longer term solutions.”

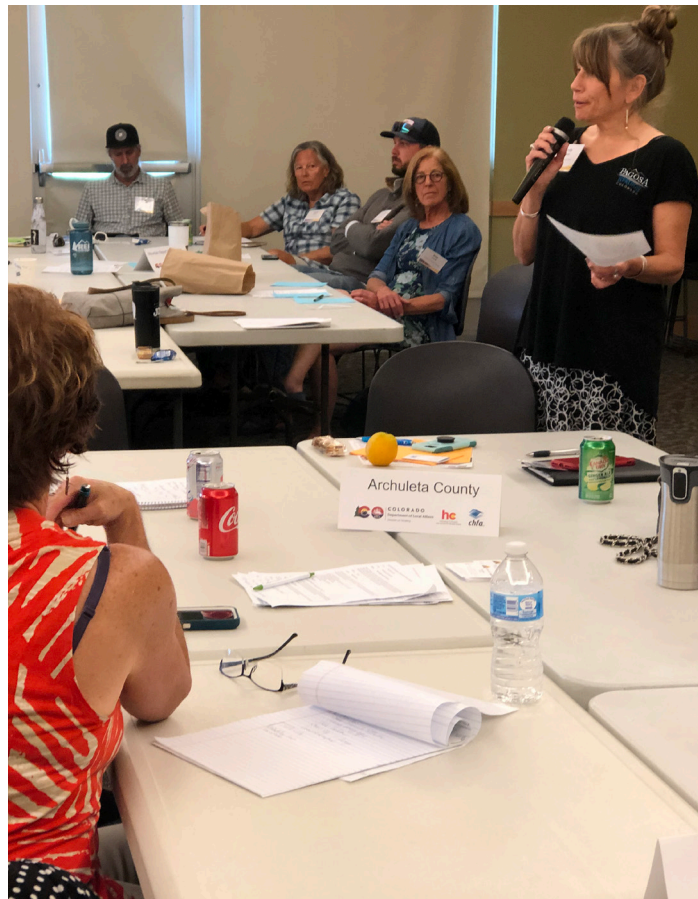
“Get specific: ‘soon’ is not a time and ‘some’ is not a number.”

Local and Regional Solutions

Several stakeholders noted that tailoring housing solutions to the local context is extremely important. Organizations within a community are best placed to understand the context and needs. For example, local housing authorities are particularly well suited to respond since they are trusted by local communities. Stakeholders also recognized the connectivity of housing challenges, so regional approaches and collaborations are also prioritized. A few stakeholders highlighted that collecting regional data and developing a strategic plan aligned across state, county, and city levels is important, since housing challenges and solutions are connected across communities.

This section elaborates on the potential housing solutions offered by stakeholders which have been grouped into the following categories by DOH:

- Local and Regional Solutions
- Partnerships
- Education
- Assistance
- Homeownership
- Increasing and Improving Housing Stock
- Sustainable Development
- Zoning and Housing Design
- Homelessness
- Population-Specific
- Financing
- Other Creative Ideas



Solutions From Stakeholders by Theme...

Capacity Building

There are a wide variety of capacity building opportunities. Technical assistance was requested by numerous stakeholders, especially for rural areas with limited staff and resources, on general topics including: shared best practices and case studies, regulatory processes, planning assistance, policy guidance, and local land use. Technical assistance requests also covered many specific topics including support in: developing supportive housing and accessory dwelling units; administering vouchers and rental assistance; grant writing; creating local partnerships; launching municipal housing authorities; job training; and more.



Many communities throughout Colorado also require assistance in collecting data and conducting housing needs assessments to better understand local needs and resources. As one stakeholder exemplified: **“This is our problem: we don’t know for sure what our areas of greatest needs are.”**

Financial support was also requested by many stakeholders to help build capacity, for example, through the funding of additional staff positions and/or supporting existing housing programs. Support for pre-development costs was also requested, especially in rural areas, such as funding geological surveys and developing infrastructure.



Solutions From Stakeholders by Theme...

Partnerships

Stakeholders overwhelmingly discussed the need for “effective genuine collaboration” at many levels to improve housing affordability in Colorado. Particular emphasis was placed on the need for improved regional coordination among housing stakeholders and particularly between cities and counties. The need for other creative partnerships was also raised. Corporate partnerships to provide employer supported housing were suggested by numerous stakeholders, possibly supported by tax incentives.

A large number of stakeholders suggested partnerships between the health and housing sectors, since housing is such a large determinant of health. Several felt that collaborations with community colleges to design more construction trade programs are important. Faith-based collaborations were also mentioned to help with services and even perhaps hold furnishing drives. Some developers who have access to funding requested connections to agencies that understand community needs and resources. A working group to provide feedback on the implementation of the new funds was also suggested.



Education

Community Outreach

Educating elected officials and city planners on affordability issues was highlighted as an important solution by numerous stakeholders throughout Colorado, as well as community outreach to counter stigma and NIMBY attitudes. For example, one stakeholder expressed: “Above all else, we need education about the need for affordable housing, and the consequences of not providing it.” Others suggested that resistant neighbors may benefit from opportunities to voice their concerns on new developments and to tour successful affordable housing communities.

Landlord Engagement

Many stakeholders expressed the need for increased landlord education and engagement, particularly to encourage landlords to accept vouchers and to lease to certain vulnerable populations (i.e. justice-involved, survivors of domestic violence, etc.). Workshops on landlord/tenant issues may be helpful to understand the rights of both residents and landlords, for example on warranty of habitability and enforcing rental agreements.

Solutions From Stakeholders by Theme...

Assistance

Many stakeholders requested increased assistance for renters and homeowners, expressed in more detail below. Overwhelmingly, stakeholders requested that income limits for subsidized housing units and programs be increased in order to adequately address affordable housing needs in their community.

Rent

Several stakeholders suggested rent stabilization or control will be especially helpful in maintaining affordability. Additional suggested solutions for renters included: encouraging rental shares for community members to split rent costs, promoting rent-to-own models, and designing a program to help low-income renters navigate the legal system. Stakeholders expressed both support and opposition to having more long-term than short-term rentals.



Home Ownership

Many stakeholders suggested the need to incentivize home ownership. Many felt that increased down payment assistance (DPA) will especially help; of which some requested DPA to households earning above 80% AMI. Home buyer education was cited as key in helping individuals prepare and to understand that ownership is possible. Implementing tax credits for home ownership was also mentioned. Others suggested rehabilitation or buy-downs with deed restrictions to preserve housing stock.



Solutions From Stakeholders by Theme...

Increasing and Improving Stock

In general, stakeholders felt that funding and incentives to spur new housing development will be important. Diverse housing stock across the spectrum was requested. Some stakeholders highlighted that the focus on supportive housing is drawing attention away from other housing needs, thus balancing the development of supportive housing and traditional affordable housing will be important.

Many stakeholders, particularly those in rural regions and in mobile home parks, highlighted the need to address aging and poor quality housing through rehabilitation. Increasing funds for home rehabilitation loans, weatherization, or similar programs were suggested, as well as ensuring minimum standards and conditions of rental housing. One stakeholder requested lessening restrictions on removing blighted structures; another suggested initiatives to enhance resident's personal investment in upkeep of affordable housing units. Another stakeholder described a potential process for a rental repair program: "Provide low interest home repair loans to landlords [with properties affordable to households] below 80% AML... under the condition to keep rents [below market rent] for 10, 15, 20 years, or the length of the loan. Property can be sold at [fair market rent] after [the] loan is paid back but City, State, PHA, or nonprofit AH developer must... have rights of first refusal."



Sustainable Development

Many stakeholders proposed suggestions on incorporating sustainable development within affordable housing. Energy efficiency featured prominently among solutions. Incentivizing net-zero building in new development and energy upgrading of existing stock will help lower utility and maintenance costs. As one stakeholder shared, "That feels like a no brainer for me - lowering utility bills makes homes more affordable." Looking into solar and wind as renewable energy sources and promoting US Department of Energy Zero Energy Ready Homes were mentioned. Another stakeholder also raised the importance of designing housing to withstand climate change.



Attention to the location of housing was also expressed by several stakeholders. For example, it is beneficial for new developments to be "in properly designed communities where people have many transportation options and do not need to own a car to get to their basic needs like food, work, healthcare, childcare, and school."

Solutions From Stakeholders by Theme...

Zoning and Housing Design

Many stakeholders suggested creative changes to zoning and building/land use codes in order to enhance density and diverse types of development. For example, encouraging multifamily and co-housing units, subdividing oversized lots, inclusionary zoning, encouraging mixed-use development and mixed-income populations, and other changes will encourage development of affordable housing. Stakeholders also commented on allowing different sized housing and non-traditional construction, such as Accessory Dwelling Units (ADUs), Tiny Homes, and one stakeholder even suggested a creative solution of constructing 3D printed homes or Minka sized homes that can be built onsite - this could be particularly useful in remote rural areas. In general, there was a lot of support for ADUs; though some stakeholders disagreed on whether ADUs should or should not be utilized as short-term rentals. A few stakeholders suggested looking at other cities' experiences with rezoning, such as Minneapolis, for best practices.



Homelessness

Enhanced prevention and wrap-around services are key to addressing homelessness. For example, many stakeholders stressed that: **"It is much easier and less expensive to prevent homelessness before it occurs."** Stakeholders also expressed need for more emergency shelters in many communities across Colorado - especially shelters with low-barriers; however, permanent solutions are preferred. Supportive Housing (utilizing trauma informed design) received much support from numerous stakeholders. However, some cautioned that implementation is more difficult in rural areas with fewer service providers.



Given the various systems and complex regulations, many requested housing navigators to provide support as well as streamlining access to services and referrals. Homeless solutions are challenging because some individuals are not technically homeless according to the U.S. Department of Housing and Urban Development's definition (i.e. couch surfing, living in motels); and further, individuals have varying levels of vulnerability; thus it is important to disaggregate data (i.e. by age, gender, etc.) in order to understand distinct needs. Other best and emerging practices included: integrating behavioral health treatment into 911 response, having on-site social workers in libraries, street outreach, solutions for those with pets, and mobile facilities for showering and laundry.



Solutions From Stakeholders by Theme...

Population-Specific

Stakeholders suggested a variety of tailored housing solutions and services for populations with special needs.

People with Disabilities

Many suggested the creation of communities with supportive services for individuals with disabilities to live, particularly after their parents or caretakers are no longer able to support them. It is also important to ensure that some housing units are accessible, perhaps by requiring or incentivizing universal design. One parent even suggested creating a film to highlight successful housing solutions for those with disabilities to educate and inspire further development.

Youth

Several stakeholders suggested ensuring developmentally appropriate housing options for youth (ages 15-24). Age-appropriate services should also be made available - such as art or animal therapy, education, and employment supports.

Seniors

Some stakeholders suggested providing rental assistance to seniors, perhaps in the form of subsidized utilities and property taxes. Additional assisted living facilities and smaller units should be developed for seniors who are downsizing. Aging in place was prioritized - perhaps through creative solutions such as subdividing homes or utilizing Medicaid funding to support seniors staying in their homes through home improvements such as ramps or grab bars in showers.

Others

Additional solutions to assist other vulnerable populations were suggested. Targeted vouchers can be especially helpful. Job training programs to hire justice-involved individuals and those experiencing homelessness to be part of the housing solution can be explored, perhaps incentivized by employer tax breaks.

Stakeholders also expressed a need for transitional housing with supportive services in addition to sober living options. Specific programs to help undocumented individuals were requested, as well as translating key housing documents for non-native English speakers. Providing storage units can help individuals experiencing homelessness or domestic violence to retain their possessions.

Solutions From Stakeholders by Theme...

Financing

Several stakeholders suggested changes in policy and procedure to existing affordable housing finance programs as a solution. Numerous stakeholders recommended consideration of flexible funding or a preservation fund in order to be able to access funding quickly to preserve affordability of housing stock when properties go on the market. Many stakeholders also discussed the challenge with identifying local matching funds especially for development of new units and suggested that this requirement be waived or non-monetary matching should be accepted for communities with limited resources.



Other suggested solutions included: expediting approval processes, minimizing restrictions on use of funds, waiving fees, considering larger equity investments, timely distribution of funds, rethinking limitations of the tax credit calendar, additional soft funding sources from the state general fund, increases to HOME/CDBG, and setting up a self-sustaining capital fund for affordable ‘for-sale’ housing. Some stakeholders also indicated that developers in mountain communities may agree to deed restricted units if they are awarded land and infrastructure.

Other Creative Ideas

- Land banking, land trusts, and even water banking were suggested by multiple stakeholders. Seed money to catalyze these initiatives is needed, as well as education on their benefits. “Land banking is vital and underutilized! The land will not get any cheaper, the state must act NOW.”
- Creative housing sharing was suggested. For example, one stakeholder asked: “Could all of the scientists at Rocky Mountain Biological Laboratory here in the summer have a shared housing option with the seasonal ski resort workers here in the winter?”
- Several stakeholders suggested converting hotels, motels, or abandoned buildings into affordable housing or emergency shelters.
- A few suggested working with school districts, cities, and counties to see if available land can be donated for the purpose of affordable housing.
- Several stakeholders in areas with high numbers of vacant properties (homes, ADUs, short-term rentals) suggested working with absentee owners to purchase their properties for affordable housing purposes. Others suggested taxing vacancy and AirBnb’s to increase revenue for local governments.
- Some stakeholders suggested creating a directory of developer contacts and their capacity (i.e. those that will work with LIHTC, etc.).



Next Steps

The Division of Housing has received an immense amount of input on numerous issues through the stakeholder engagement process. However, this is only the first part of the policymaking process as required by Colorado law. In addition to engaging stakeholders, the Department is required to:

“award funding to meet the needs of local communities that will optimize the return on money invested in a particular program or for a particular use, leverage other available sources of money, address housing needs throughout the state, and serve populations with the greatest unmet need.”

(C.R.S. 24-32-721 (2)(e))

Thus, in order to meet both statutory requirements, the Department will analyze quantitative socioeconomic data on housing supply and demand in the context of the themes and solutions which were raised by stakeholders. This needs analysis will determine which themes concern “populations with the greatest unmet need” from a statewide perspective and “the needs of local communities” from the perspective of municipalities and unincorporated areas. Meanwhile, solutions will be reviewed in the context of whether the Division’s existing programs and financing strategies may meet these needs or if new programs and financing strategies will be needed.

The solutions which will be implemented by the Division must not only address the themes explored through the needs analysis and informed through stakeholder engagement, but also be possible under this existing statute along with related restrictions imposed by the Division’s other administrative laws within title 24, article 32, part 7 of Colorado Revised Statutes.

In light of these statutory restrictions, the Division will prioritize analysis of the following themes in the first half of 2020 in order to inform policy solutions which will improve the wellbeing of families, communities, and the state as a whole:

- The supply of subsidized housing at all income levels, including for moderate and above median income households, along with the demand for affordable housing at these incomes.
- The extent to which transportation costs, along with commute times, impact households with housing cost challenges; and conversely households without housing affordability issues but transportation challenges.
- Research on the best practices of programs and financing strategies which utilize non-federal funding in other states.
- An analysis on unmet needs for populations with special needs.
- A review of the data, reports, and studies provided to the Division by stakeholders.

Next Steps...

In response to recommendations from this wide range of housing stakeholders, DOH will form a Strategic Housing Working Group to work with DOH staff to further analyze research conducted by DOH and others to advance and meet Colorado's diverse affordable housing needs.

The Strategic Housing Working Group will work with and be supported by DOH staff to help create and advise on best strategies that elevate, act on, and maintain momentum for statewide affordable and attainable housing. The charge of the Working Group is to facilitate increased collaboration, informing the strategies and plan for allocating funds, while maintaining a focus on regional and local needs.

The Working Group will discuss and make recommendations to the Colorado State Housing Board on the long-term funding strategy to achieve the state's housing policy as defined in 24-32-721 (2)(e). Recommendations from the Strategic Housing Working Group will be presented to the Colorado State Housing Board for consideration as DOH finalizes the allocation plan for newly appropriated funds.

The Strategic Housing Working Group will be comprised of a balanced group of members, no more than 13 members, that represent a variety of perspectives and backgrounds. DOH will seek representation from:

- Regional or Local Housing Authorities
- Rural Community Residents (Non-resort)
- Rural Resort Community Residents
- Employers
- Homeownership Housing Advocates
- Economic Development Councils
- Developers of innovative housing solutions (e.g ADUs, alternative residences like modular homes, etc)
- Municipalities and Counties (representation should include both large communities and smaller suburban and rural communities)
- Real Estate, Realtors
- Rental Housing Advocates
- Affordable Housing Developers
- Homelessness Advocates
- People with Disabilities
- Seniors
- Youth and/or Families
- Beneficiary of Affordable Housing Programs

A summary of the Working Group activities shall be provided in the annual DOLA presentation to the Local Government Committees of the state legislature.

Some of the proposed solutions are already being implemented by the Division, such as the expansion of DOH's existing Downpayment Assistance Program to homebuyers up to 100% of AMI in rural Colorado, and the Mobile Home Park Oversight Program, which will ameliorate some of the concerns raised by stakeholders pertaining to mobile home parks. Other solutions are still in development, including new training tools which will expand the capacity and knowledge of public officials and other stakeholders.

However, many of the proposed solutions cannot be implemented until the \$50 to \$80 million in funds becomes available to the Division in July 2021. DOH will continue to serve families and individuals with a variety of housing needs while evaluating how our programs, financing strategies, and staff can have a greater impact throughout Colorado.